

**Nichirei Group**  
**CSR Report 2018**



**NICHIREI CORPORATION**

■ Third-party Opinion . . . 63

CSR Promotion, Strategic Planning  
Nichirei Corporation  
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Nichirei Group CSR Report 2018

## ■ Applicable Worksites

### Environmental Data: Applicable Worksites for Fiscal 2017 (FY18/3) Results Calculations

The following company food plants and distribution centers are included in the calculations. In the event of multiple worksites, the number is indicated in parenthesis.

#### Nichirei Foods

Nichirei-Foods (9), Nichirei Ice (3), Churei, Kyurei, Nichirei Well Dinning

#### Nichirei Fresh

Fresh Maruichi (3), Nichirei Fresh Process (2), Nichirei Fresh Farm, Fresh Chicken Karumai, Fresh Meat Sakudaira

#### Nichirei Logistics Group

Logistics Network (34), NK Trans (4) Nichirei Logistics Hokkaido (7), Nichirei Logistics Tohoku (4), Nichirei Logistics Kanto (11), Nichirei Logistics Tokai (10), Nichirei Logistics Kansai (13), Nichirei Logistics Chushikoku (12), Nichirei Logistics Kyushu (13), Kyokurei (4)

#### Nichirei Biosciences

Development Center

#### Other

New Housing

\* Regarding the amount of energy used and volume of CO<sub>2</sub> emitted, this includes activities at the head office, branches and offices other than those indicated above, and company-owned trucks.

\* Excludes overseas worksites.

\* If the scope of applicable worksites differs from the above, a statement to this effect has been included.

# President's Message



## Creating New, Unique Value That Focuses People's Lifestyles

**Kunio Otani**

Representative Director and President  
Nichirei Corporation

In order for the Nichirei Group to find solutions to society's problems through business, I believe it is important that we fulfill our mission in good faith, namely, to "Focus on Lifestyles, and Provide True Satisfaction." Based on the key concepts of utilizing the bounties of nature and providing strong social infrastructure, we will contribute to society by creating new value that only we can in our respective business areas of processed foods, marine products, meat and poultry products, logistics and bioscience.

With an aim of realizing a sustainable society, it is important that we take a more long-term view with regard to management practices and in fiscal 2017 (FY18/3), two of our primary objectives were providing safe products and services and creating a sustainable supply chain. Providing safe products and services is the most basic and important value provided by our Group, and achieving it requires a sustainable supply chain. When expanding our business, it is important to keep in mind that these two primary objectives are not only great opportunities for us to create new value, but are also potential risk factors. Meanwhile, in terms of corporate culture and organizational structure, to realize a company where each and every employee finds job satisfaction, we will continue to promote work style reforms and to employ highly transparent management practices.

Adopted by the United Nations, the Sustainable Development Goals (SDGs) establish common global goals to achieve by 2030. While there are various social issues, the one that relates closely to our business is SDG Goal 12: Responsible consumption and production. By reducing food waste through effective utilization of frozen foods, marine, meat, and poultry products, and logistics services, I believe we can contribute to the achievement of these SDGs.

## A Message to Our Stakeholders

Going forward, we will continue to provide value that leads to your satisfaction, while focusing on lifestyles. In addition, with a view to sustainable growth, we will also strive for solutions to social issues while deepening our dialogue with stakeholders.

### Sustainable Development Goals (SDGs)

**SUSTAINABLE DEVELOPMENT GOALS**  
17 GOALS TO TRANSFORM OUR WORLD



In 2015, over 150 heads of state participated in the Sustainable Development Summit hosted by the United Nations, and the 2030 Agenda for Sustainable Development was adopted to create a brighter future for both humans and the world. This action plan consists of 17 goals and 169 targets, which together comprise sustainable development goals (SDGs). Achieving these goals requires that governments, firms, and civil society work together. Through its business activities and the "Nichirei Pledge," Nichirei Group is making efforts to achieve these SDGs.

# Promoting CSR Management in the Nichirei Group

## Basic CSR Policy

For the purpose of clarifying the key issues to be addressed in the future, the Nichirei Group revised its basic CSR policy in April 2017 to create the Nichirei Pledge. The Group conducts business in Japan and other countries of the world, primarily in the areas of food procurement, production, and distribution, based on the understanding that these business activities affect its stakeholders, the environment, and society in various ways.

With a mission of "Focus on Lifestyles, and Provide True Satisfaction," the Group recognizes the broad stakeholder expectation that it will work to make communities more sustainable through its daily business activities. To meet those expectations and to further cement its long-standing relationships of trust with stakeholders, and also to realize further value creation and resolve social issues, business management will be promoted throughout the Group based on the Nichirei Pledge.

### The Nichirei Pledge Working to Make Our Communities More Sustainable

As a group of companies that provide value in the fields of food and health, the Nichirei Group strives to help communities solve the issues they face while creating new value for customers through its business activities. The Group gives full consideration to the economic, social, and environmental impact of its endeavors, and publicly discloses the details of its businesses to its stakeholders, in order to gain their understanding and promote further dialogue.

Create new value for customers	We strive to create new products and services, while helping customers and communities solve various issues through our business activities.
Provide safe products and services	We ensure that everything we offer our customers is characterized by high quality and safety.
Maintain a sustainable supply chain	We work to ensure that our supply chain is sustainable.
Reduce environmental impact	We strive to reduce the environmental impact of our operations, while giving full consideration to their potential effects on the global environment.
Foster cooperative relations with communities	As a responsible corporate citizen, we foster close cooperation with local communities in the interests of the public good.
Continually enhance our workplaces	While promoting respect for the diversity of our employees, we continuously improve the workplace environment to enable every employee to make the most of his or her abilities and work with enthusiasm.
Support good corporate governance	We employ highly transparent, fair management practices, while ensuring that resources are properly allocated and management decisions are made in a timely manner.
Ensure strict compliance	We maintain high ethical standards, while complying with the laws and social norms of each country in which the Nichirei Group operates.

## Top-priority Important Items

“Provide safe products and services” and “Maintain a sustainable supply chain,” which were added to the Nichirei Pledge in fiscal 2017 (FY18/3), have been positioned by the Group as its top-priority important items to be addressed. In promoting CSR management, the Group will prioritize strengthening initiatives and enhancing information disclosure with respect to these two items.

To achieve the Sustainable Development Goals (SDGs) by 2030, the Group will work on operations through its business activities, linking these important items to related SDGs.

 Process for identifying important items (<https://www.nichirei.co.jp/english/ir/integrated/pdf/P13-14.pdf>)

### Top-priority Important Items

#### Provide Safe Products and Services

“Provide safe products and services” is at the core of the Group’s businesses, and it has made explicit some items that it has considered important for a long time.

To gain the trust of its customers and ordinary people, the entire Group strives to provide high-quality and safe products and services.

##### Related SDG Goals



#### Maintain a Sustainable Supply Chain

“Maintain a sustainable supply chain” is the foundation that supports the Group’s business activities. It is expected that the entire supply chain, which includes its business partners, fulfills its responsibility to society and the environment. Based on the Nichirei Group Sustainable Supply Chain Policy, Nichirei Group aims to cooperate with its business partners to develop a completely sustainable supply chain.

##### Related SDG Goals



## Sustainable Supply Chain Policy

In April 2017, “Maintain a sustainable supply chain” was specified in the Nichirei Pledge (the Group’s basic CSR policy) and positioned as a top-priority important item. The Nichirei Group Sustainable Supply Chain Policy was established as a foundation for promoting supply chain management.

Working with its suppliers, the Nichirei Group will promote initiatives in accordance with this policy.

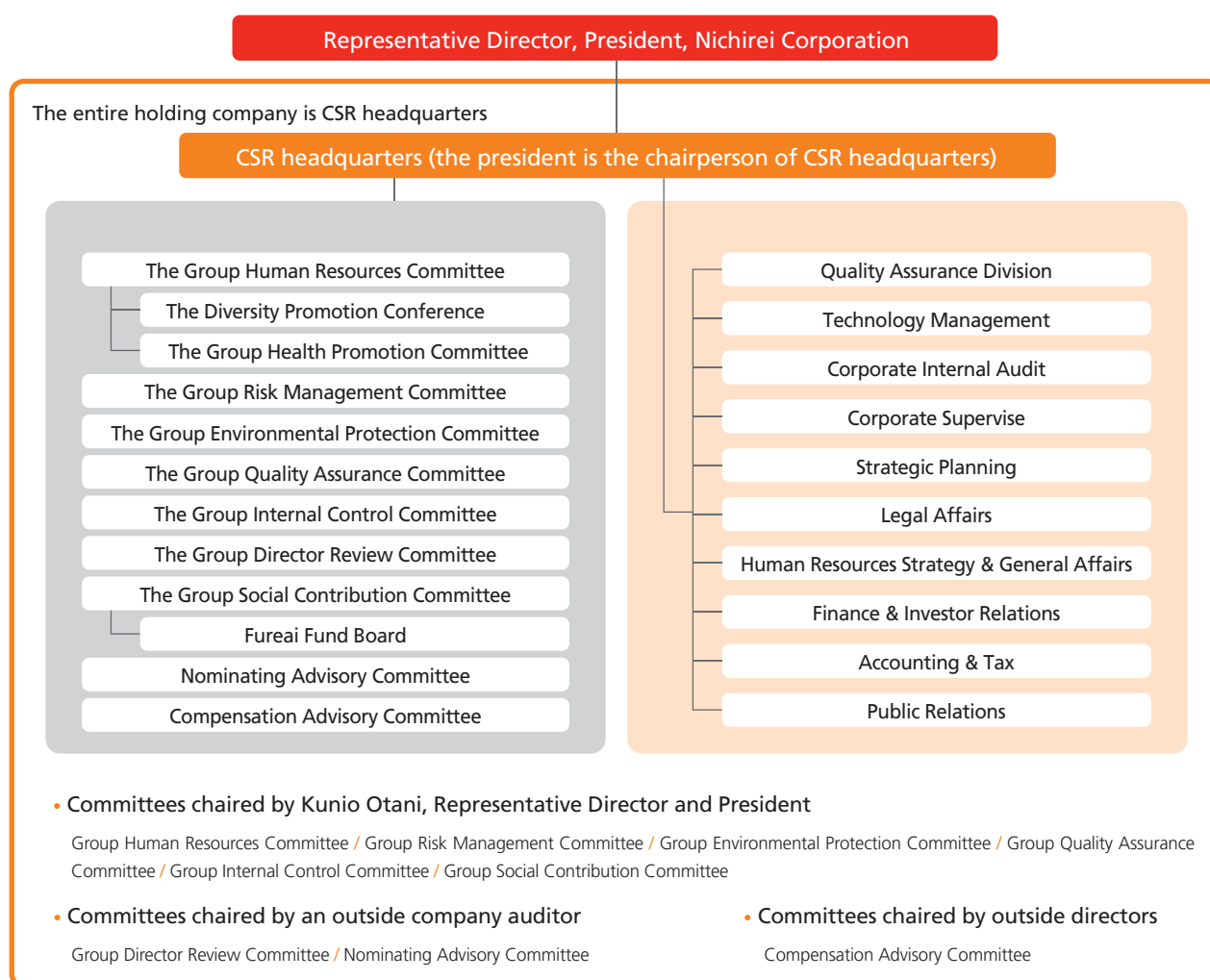
### Nichirei Group Sustainable Supply Chain Policy

The Nichirei Group is committed in working to maintain a sustainable supply chain. The Group procures products and services in accordance with the following policy and asks suppliers to assent to and comply with this policy.

Legal compliance	We comply with the laws and social norms of each country and region where we operate.
Fair business practices	We employ fair, transparent, and impartial business practices.
Human rights	We respect human rights and provide safe, healthy work environments.
Environment	We strive to reduce environmental impact and consider the health of the global environment
Product quality and safety	We work hard to deliver safe, high-quality products and services.
Information management	We manage information properly and disclose information related to our business activities in a timely, appropriate manner.
Local communities	We seek to build close cooperative relationships with local communities, as a good corporate citizen.

## CSR Management Structure

To promote CSR management across the Nichirei Group, the entirety of the Group's holding company functions the Corporate Social Responsibility Headquarters, with the company president serving as chairperson. The CSR headquarters shares information on deliberations by various committees that have been set up for advising the Board of Directors, conducts reviews of CSR initiatives, and puts forward related improvements for the following fiscal year. The CSR Promotion Group has been established in the Strategic Planning Department.



## CSR Management Discussion Meetings

Within the Nichirei Group, CSR Management discussion meetings are held comprised of members of each Group company, with the director serving as CSR headquarters vice chairperson acting as the owner. During this meeting, members discuss the Group's common basic policy, efforts by each operating company to address social and environmental issues, maintain a sustainable supply chain, and so on. The conclusions reached during these discussions are reported to the Board of Directors and management conference, then put into action once approval is received from management.

During FY18/3, meetings were held on 12 occasions to discuss the top-priority important items, confirm the progress of initiatives in line with the Sustainable Supply Chain Policy, examine each Group company's environmental and social issues and formulate action plans, and to discuss the Integrated Report.

Meetings will continue to be held in FY19/3 with an aim of promoting CSR management.

## Raising Awareness within the Group

In addition to raising awareness among employees about CSR and sustainability through newsletters and e-learning programs published on the Group's intranet, the Group's initiatives are also publicized in the Nichirei Group PR magazine entitled OriOri.

## Nichirei Group Company Management Principles

### Stakeholders

#### Customers

The Group continues to develop and supply products and services of true value to consumers, our ultimate customers. Our hope is that customers and the Group may have a lasting relationship of mutual trust and prosper together.

#### Shareholders and Other Investors

The Group sets up profitable businesses to enhance capital efficiency and boost enterprise value. Shareholders and investors benefit from appropriate returns.

#### Business Partners

We endeavor to build relationships of trust, and to encourage development with a view to prosperous coexistence. To this end, the Group maintains an equitable stance toward its business partners, which it treats as equals.

#### Employees

The Group believes that employees are the true source of corporate development. Our desire is for all employees to find satisfaction in their jobs, and for the workplace to be a place of self-fulfillment. At the same time, we respect each employee's dignity, self-expression, and desire for greater fulfillment in their private lives. Accordingly, Nichirei provides employees with opportunities to develop and utilize their skills; a compensation system based on ability, effort, and results; as well as a safe, open, and energetic work environment. We are an equal opportunity employer, with no regard for an individual's gender, age, academic background, race, or religion.

#### Society

The Group engages with local communities as a corporate citizen, and aims to contribute to the development of society through its business activities. As part of our role, we provide ongoing assistance for people with disabilities, as well as participate in, and support, cultural activities and other community events.

## Stakeholder Engagement

Nichirei believes that building relationships of trust through dialogue with stakeholders is important for putting CSR management into practice. Through exchanging opinions with various stakeholders, it has sought to permeate understanding for the Group's views and initiatives, and strives to grasp the issues.

### ● Key Communication with Stakeholders

Stakeholder	Examples of Communication	Purpose
Customers	<ul style="list-style-type: none"> <li>Communication through business activities</li> <li>Responding to reports and inquiries submitted to the Customer Support Center</li> <li>Customer satisfaction (CS) surveys</li> </ul>	<ul style="list-style-type: none"> <li>To improve customer satisfaction and corporate value, by quickly and appropriately responding to the opinions of, and reports made by, customers.</li> </ul>
Shareholders and Other Investors	<ul style="list-style-type: none"> <li>General meetings of shareholders</li> <li>Financial results briefings</li> <li>Briefings for institutional investors and individual investors</li> <li>Provision of information through websites, Group reports, the Integrated Report, etc.</li> </ul>	<ul style="list-style-type: none"> <li>To increase understanding for the company and ensure its accountability by disclosing appropriate information to shareholders and investors in a timely manner, and to enhance corporate value.</li> </ul>
Business Partners	<ul style="list-style-type: none"> <li>Communication with suppliers via procurement activities</li> <li>Supplier questionnaires on the Nichirei Group Sustainable Supply Chain Policy</li> <li>Nichirei Foods NX Forum</li> <li>Nichirei Fresh Kodawari Seminar</li> <li>The Nichirei Logistics Group has formed a national network of affiliated transportation and delivery companies.</li> </ul>	<ul style="list-style-type: none"> <li>To grasp the current situation in the supply chain, and to strive for appropriate procurement activities.</li> <li>To increase understanding of the company's policies and future endeavors, and to strive for mutual development by providing new information and trends.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Regular interviews with supervisor</li> <li>Communication with the labor union</li> <li>ES surveys</li> <li>Internal reporting and consultation hotline (Nichirei Hotline)</li> <li>Forum for women working in logistics, Nichirei Logistics Group</li> </ul>	<ul style="list-style-type: none"> <li>To implement the PDCA cycle with an aim of enhancing employee motivation and realizing a vibrant organization.</li> <li>To maintain good labor/management relations by reflecting employee views in the workplace environment.</li> </ul>
Society	<ul style="list-style-type: none"> <li>On-site tours of food factories and logistics centers to nurture the next generation</li> <li>Local community and cultural contribution activities</li> <li>Collaboration with NPOs/NGOs (environmental initiatives, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>To grow together with society as a company inspiring goodwill and trust, by increasing community understanding for its initiatives.</li> </ul>



# Environmental Management

## Basic Philosophy

The Nichirei Group undertakes environmental conservation activities based on three major issues: prevention of global warming, promotion of sustainable recycling of resources, and symbiosis with nature. The Group's environment-related approach is summarized in its environment- and biodiversity-related policies.

### The Nichirei Group's Environmental Policy (Revised December 1, 2008)

#### Basic Policy

If the Nichirei Group is to pass on to future generations the natural abundance that is the source of food and good health—and to continue providing freshness and good taste by using superior products and a first-class logistics network—together with our stakeholders we must reduce the environmental impact of our business activities and help create a sustainable society.

#### ■ Prevention of global warming

We seek to reduce greenhouse gas emissions produced as a result of our food-related business activities, including procurement, production, storage, and distribution. To this end, we are helping to curb global warming through endeavors that support a transformation of business and lifestyles.

#### ■ Promotion of sustainable recycling

In addition to making the best use of our limited natural resources, the Nichirei Group is reducing the waste resulting from its business activities, reusing resources, and recycling. We also are helping build a recycling-oriented society by planning the recycling of resources and purchasing these resources.

#### ■ Symbiosis with nature

The Group, recognizing that natural resources are the product of diverse ecosystems and life forms, is making an effort to live in symbiosis with nature.

#### Action Guidelines

Since the Nichirei Group believes that environmental problems are a major management issue, environmental considerations color all its business activities.

#### 1. Creating and implementing a management system

Given the environmental problems involved in the creation of a sustainable society, we are constantly evaluating and reviewing our activities so as to maintain and improve our management system. This we do in addition to promoting problem-solving activities, based on the implementation of relevant regulations and the establishment of environmental targets.

#### 2. Legal compliance

We have created our own standards, based on our grasp of the relevant laws and demands of society.

#### 3. Environmentally appropriate products and services

We promote services and conscientious craftsmanship that works to minimize environmental impact at each stage, from the planning, design, and development of each product and service through to procurement, production, distribution, sale, use, and disposal.

#### 4. Increasing awareness

We use environmental education and consciousness-raising activities to increase individual awareness, and proactively undertake environmental conservation activities as both employees and citizens.

#### 5. In harmony with society

In addition to proactively disclosing information, we participate in regional environmental activities and, together with society at large, pursue various avenues to help improve the environment.

## Nichirei Group Biodiversity Policy

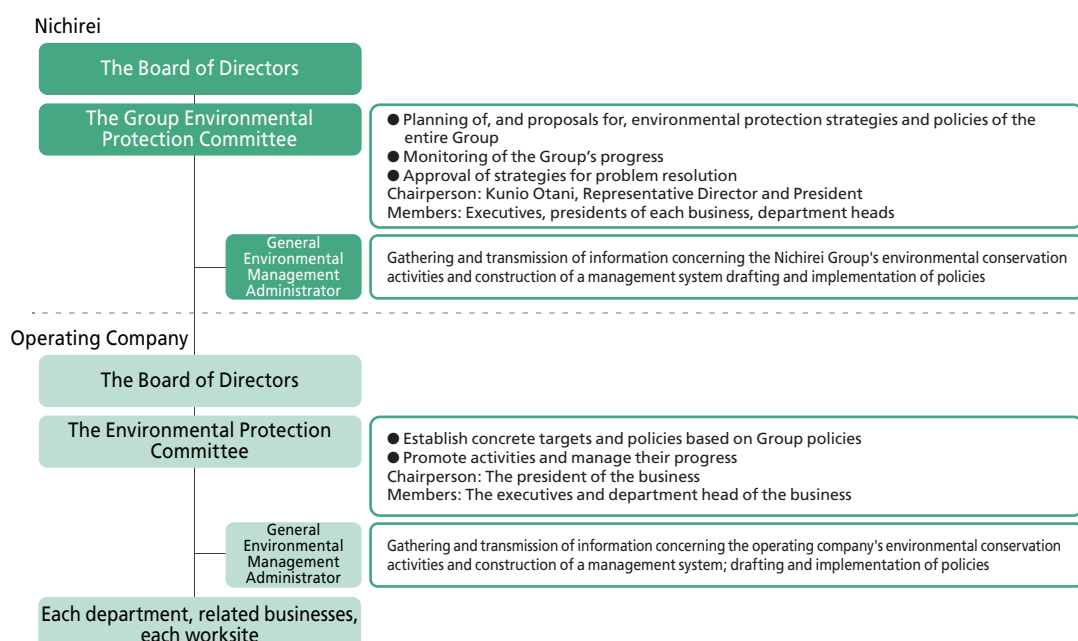
Biodiversity is both the foundation on which the survival of life forms depend, and a valuable asset that we must pass on to future generations.

Our lines of business both are made possible by, and have an impact on, biodiversity and its many benefits. This we firmly grasp, and are constantly seeking to cooperate and collaborate with our stakeholders in order to conserve biodiversity and use it sustainably.

1. For our raw ingredient procurement we work with our partners to ensure that the materials from fisheries and processed items we procure reflect the principles of sustainable use.
2. When it comes to the biological resources concerned in our business activities, we do our best to provide them as products to our customers and to recycle resources into fertilizer, feed, and energy, as well as use them to their fullest extent for the sake of society.
3. We are promoting sustainable development by conserving energy and resources; adopting a policy of reducing, reusing, and recycling; encouraging green procurement; introducing harmful substance management; and working to reduce environmental impact on biodiversity.
4. We put great effort into activities that contribute to the preservation and restoration of biodiversity in our facilities, land, and adjoining areas, and in areas surrounding the sources of our raw ingredients.
5. We are helping create a society that nurtures biodiversity through environment-related consciousness-raising activities and information sharing.

## Management System

The Nichirei Group, comprising a wide variety of different businesses, promotes the design of environmental policies adapted to the business characteristics of each member company, as well as highly effective environmental activities. The initiatives of each company are reported by the Group Environmental Protection Committee, which meets three times a year. The Committee determines the environmental protection strategies and policies of the entire Group based on the content and progress of company initiatives, and shares social trends on the environment. The Representative Director and President serves as the chairperson of the Group Environmental Protection Committee, with executives and presidents of operating companies making up the rest of the Committee membership.



## Goals and Priority Challenges toward Fiscal 2020 (FY21/3)

### Long-term Goals for FY12/3–FY21/3 (formulated in FY11/3)

Prevention of global warming	Reduce CO <sub>2</sub> emissions from the Nichirei Group	Reduce CO <sub>2</sub> by 10% or 23,000 metric tons from the FY10/3 level at all domestic establishments and vehicles owned.
	Reduce CO <sub>2</sub> emissions from society as a whole	<p>The Group's goal has yet to be determined.</p> <p>Major activities include:</p> <ol style="list-style-type: none"> <li>1. Reduction of containers and packages for CO<sub>2</sub> reduction</li> <li>2. Proposals for joint delivery, modal shift and other action to improve distribution efficiency for CO<sub>2</sub> reduction</li> <li>3. Greening and other forest preservation activities for CO<sub>2</sub> reduction</li> <li>4. Activities conducted by business partners and employees' family members to help reduce CO<sub>2</sub></li> <li>5. Green power and purchases of emission rights for CO<sub>2</sub> reduction</li> </ol>
Promotion of sustainable resource circulation	Reduce waste emissions from the Nichirei Group	Achieve and keep a recycling rate of 99% at domestic plants and distribution centers.
	Reduce waste emissions from society as a whole	Build a recycling system in collaboration with business partners and local communities to make full use of resources
Symbiosis with nature	Activities centered on business activities	Procure materials produced or caught in consideration of sustainable utilization and their processed products.
		Build a recycling system in collaboration with business partners and local communities to make full use of resources
	Activities centered on contribution to society	<p>Stimulate activities helpful to the preservation and restoration of biodiversity around business establishments and material suppliers.</p> <p>Engage in activities for raising environmental awareness and in the provision of information to contribute to building a society that nurtures biodiversity.</p>

## Medium-term Targets and Results

### Group Medium-term Business Plan Targets (FY17/3–FY19/3)

Item	Content
Reduction of CO <sub>2</sub> emissions	<p>2.4% reduction compared to FY10/3 in Group (Japan) CO<sub>2</sub> emissions from energy by the end of FY19/3</p> <p>* Energy used by Japan worksites and company-owned vehicles</p> <p>* CO<sub>2</sub> emission factor derived from purchased electric power is fixed at 0.412 [t-CO<sub>2</sub>/MWh], the CO<sub>2</sub> emissions intensity unit announced by the Federation of Electric Power Companies in FY10/3</p>
Maintaining waste recycling rate and controlling waste discharging	<ul style="list-style-type: none"> <li>• Maintained waste recycling rate at over 99% at food plants and distribution centers</li> <li>• Reduce residue of material derived from animal and plant (food plants in Japan)</li> </ul>
Water resource conservation	In consideration of the environmental conditions surrounding water in each community, the Group engages in water resource conservation through efficient water usage aimed at sustainable water usage (food plants in Japan)

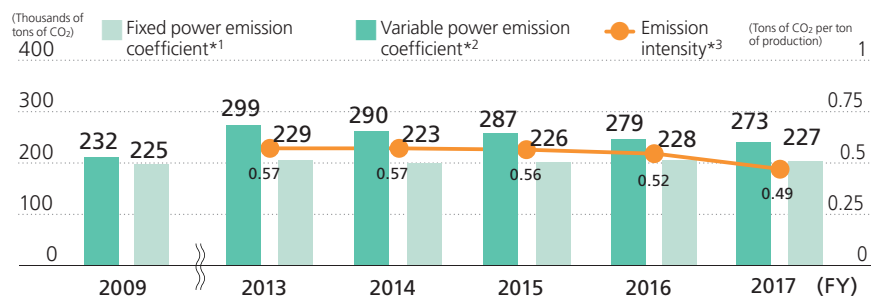
• Engaged in collecting data regarding the environment at overseas worksites

The medium-term environmental targets for FY17/3 to FY19/3 were set based on external trends, such as competitors in Japan and overseas, as well as on laws and regulations. The reduction of CO<sub>2</sub> emissions refers to the target reduction of all emissions, and covers all energy consumed at worksites and by company-owned vehicles in Japan. The waste recycling rate continues to be maintained at 99% or higher. Food plants in Japan are also working to reduce residual animal and plant material. As for the conservation of water resources, as a food-related corporate group, Nichirei has formulated behavioral targets for using water efficiently and is promoting efforts toward achieving those targets so that the bounties of nature can be preserved for future generations. The entire Group is also engaged in collecting environmental data at its overseas worksites.

## Prevention of Global Warming

In addition to the Group working to reduce CO<sub>2</sub> emissions at its places of business, such as factories and logistics centers, all operating companies have identified the major issues they are facing and are working toward reducing their CO<sub>2</sub> emissions. The total amount of CO<sub>2</sub> emissions for FY18/3 increased by 0.8%\*<sup>1</sup> compared to FY10/3 due to increased production, new office construction, and so on. In addition, when using the coefficient of variation to compare the CO<sub>2</sub> emission factors due to electricity production, there was an increase of 17.3%\*<sup>2</sup>. Going forward, in addition to making its food factory and logistics center operations more efficient, updating to energy-saving equipment, and implementing renewable energy, the Group will work on reducing CO<sub>2</sub> emissions throughout its entire supply chain.

### ● Nichirei Group CO<sub>2</sub> Emission Trends



\*<sup>1</sup> Fixed power emission coefficient: The CO<sub>2</sub> emission intensity unit of 0.412 [t-CO<sub>2</sub>/MWh] announced by the Federation of Electric Power Companies in FY10/3, used nationwide.

\*<sup>2</sup> Variable power emission coefficient: Power conversion coefficient used by power companies in fiscal year utilized at each worksite.

\*<sup>3</sup> Scope of power emission intensity: Nichirei Foods (Nichirei Foods-operated factories and affiliated factories in Japan) and Nichirei Fresh (affiliated factories in Japan).

Excluding the following factories:

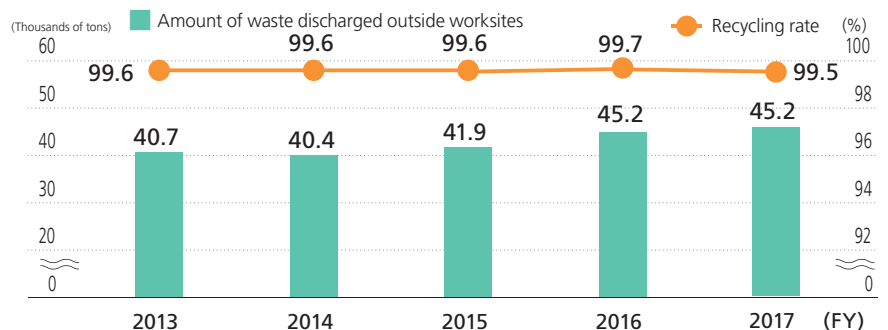
Nichirei Foods: Nichirei Ice, K.K.

Nichirei Fresh: Nichirei Fresh Farm Inc., Fresh Chicken Karumai Inc., Fresh Meat Sakudaira, Inc.

## Promotion of Sustainable Recycling of Resources

The amount of waste discharged outside worksites in FY18/3 was 45,200 tons, and the waste recycling rate was 99.5%. Regarding residual animal and plant material at factories, targets have been set for each operating company with a food factory, and efforts are being made to reduce waste discharge. Although recyclers can sometimes not be found for waste destined for final disposal because of the type and volume of waste, the Group will work on further reductions, including by controlling the amount of waste produced.

### ● Nichirei Group Waste Discharged outside Worksites and Recycling Rate



## Water Resource Conservation

The Nichirei Group grasps and manages its consumption of water and quality of its wastewater through regular monitoring in compliance with various food safety and environmental protection laws and regulations. At worksites in Japan, positive steps are being taken to conserve water. Going forward, the Group will examine the availability of necessary water resources at each regional base and how to assess the impact of risks.

## ● INPUT

		FY14/3	FY15/3	FY16/3	FY17/3	FY18/3
Raw materials	(Thousands of tons)	166	161	167	185	188
Material	(Thousands of tons)	150	145	149	167	170
Packaging materials	(Thousands of tons)	16	16	18	18	18
Energy	1,000 GJ	5,125	4,983	5,063	5,109	5,078
Purchased power	1,000 kWh	455,072	438,673	444,843	447,574	443,480
Heavy oil	kl	3,803	3,314	3,329	3,335	3,319
Kerosene	kl	198	189	198	200	191
City gas	1,000 m <sup>3</sup>	6,135	5,951	6,385	6,705	6,923
LPG	tons	3,739	4,487	4,623	4,620	4,650
Gasoline (company-owned vehicles)	kl	633	588	524	467	461
Light oil (company-owned vehicles)	kl	957	1,144	1,270	1,340	1,378
Solar power generation	1,000 kWh	223	243	186	211	400
Breakdown of energy (1,000 GJ) used at each business company						
Nichirei Foods		1,559	1,569	1,649	1,716	1,726
Nichirei Fresh		159	171	173	179	169
Nichirei Logistics Group		3,326	3,161	3,159	3,129	3,098
Nichirei Biosciences		11	10	10	8	11
Other		71	73	72	73	74
Water	1,000 m <sup>3</sup>	3,939	3,781	4,033	3,931	3,997
Clean water	1,000 m <sup>3</sup>	1,309	1,276	1,336	1,284	1,293
Industrial water	1,000 m <sup>3</sup>	655	638	853	877	797
Groundwater (well water)	1,000 m <sup>3</sup>	1,975	1,867	1,845	1,770	1,906
Breakdown of water (1,000 m <sup>3</sup> ) used at each business company						
Nichirei Foods		2,523	2,372	2,595	2,581	2,652
Nichirei Fresh		345	352	352	353	331
Nichirei Logistics Group		1,058	1,043	1,070	977	998
Nichirei Biosciences		5	6	5	8	6
Other		8	8	12	12	11

## ● OUTPUT

		FY14/3	FY15/3	FY16/3	FY17/3	FY18/3
Waste	Amount of waste discharged outside worksites (Thousands of tons)	40.7	40.4	41.9	45.2	45.2
	Recycle volume (Thousands of tons)	40.5	40.3	41.7	45.0	45.0
	Volume of waste for final disposal*1 (Thousands of tons)	0.2	0.1	0.2	0.2	0.2
Breakdown of waste discharged outside worksites (tons) at each business company						
Nichirei Foods		18,712	17,806	18,469	21,227	20,965
Nichirei Fresh		5,756	9,474	11,029	11,453	11,426
Nichirei Logistics Group		12,481	12,795	12,330	12,436	12,733
Nichirei Biosciences		37	45	43	20	46
Other		—	—	—	—	—
Atmospheric system	CO <sub>2</sub> *2	298,094	289,396	286,382	279,465	273,348
	SOx*3	8	7	5	4	4
Breakdown of CO <sub>2</sub> emissions (tons) at each business company						
Nichirei Foods		90,563	90,775	92,894	93,613	93,076
Nichirei Fresh		9,313	9,956	9,830	9,914	9,281
Nichirei Logistics Group		193,955	184,258	179,529	171,652	166,509
Nichirei Biosciences		554	510	406	538	574
Other		3,708	3,897	3,724	3,747	3,909
Water system	Drainage 1,000 m <sup>3</sup>	2,290	2,295	2,444	2,525	2,458
	Sewer system 1,000 m <sup>3</sup>	1,439	1,453	1,530	1,577	1,514
	Public water area (river etc.) 1,000 m <sup>3</sup>	851	841	913	948	945
	Drainage load BOD*4 tons	50	52	26	46	48
	COD*4 tons	13	16	19	24	22
Breakdown of drainage (1,000 m <sup>3</sup> ) at each business company						
Nichirei Foods		1,724	1,731	1,902	1,922	1,758
Nichirei Fresh		165	168	165	234	328
Nichirei Logistics Group		388	382	360	349	355
Nichirei Biosciences		5	6	5	8	6
Other		8	8	12	12	11

\* The scope of applicable worksites is described on page 2.

\* Total figures may differ due to the rounding effect.

\*1 Within waste discharged, the volume of waste directly disposed of in landfills and simply incinerated not to be used as energy source.

\*2 Calculations based on laws related to global warming countermeasures.

\*3 Measurement implemented for facilities emitting soot and smoke. Does not include vehicle emissions.

\*4 Calculates amount of emissions only in cases where drainage concentration measurements are conducted.

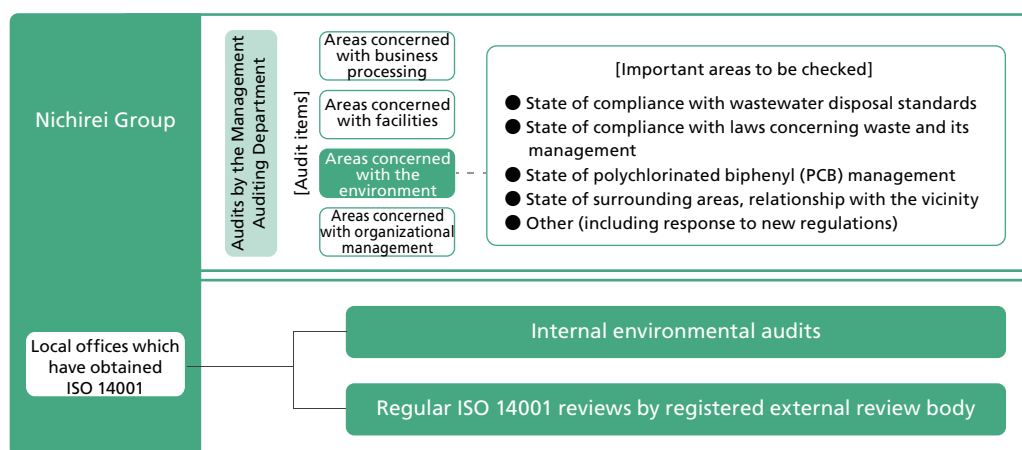
## ISO 14001 Certification, etc.

The Nichirei Group prioritizes ISO 14001 certification at its food factories. At Nichirei Foods, certification has been obtained at 11 directly-operated and subsidiary factories. Within the Nichirei Logistics Group, Green Management Certification has been obtained at Kyokurei Corporation and NK Trans Inc. On a basis of production, the Group has obtained ISO 14001 certification at 70% of its food factories in Japan.

[Green Management Certification \(https://www.nichirei.co.jp/english/csr/environment/action/factory/center.html\)](https://www.nichirei.co.jp/english/csr/environment/action/factory/center.html)

## Environmental Audits

In addition to covering areas such as organizational management and business processing, the Nichirei Management Auditing Department also does Group management audits of important areas, such as compliance with environment-related law and conservation activities. Worksites that have obtained ISO 14001 certification undergo internal environmental audits as well as yearly external reviews by a registered external review body.



## In-house Environmental Education

Name	Content
Environmental e-learning	Held since FY10/3 for all employees. Focuses on such pressing issues as prevention of global warming, resource recycling, and biodiversity.
Campaign to save energy in employee households	Energy-saving campaigns for employee households have been held since FY12/3, to improve employees' awareness of the environment. The aim is to have participants share energy-saving tips, and have energy consumption reduction targets.
Training for new employees	They are taught about the company's environmental policies and goals, and the connections between business and the environment.
Hands-on training on company land in Urabandai	Hands-on training for employees was held on company-owned land in the Urabandai region of Fukushima Prefecture between FY14/3 and FY17/3. There they help eliminate the Signal crayfish, a specified foreign organism, as well as go on hikes in forests surrounding company land.
Hands-on training to support the <i>Cypripedium macranthos</i> an endangered orchid, in the town of Fujimi, Nagano Prefecture	Nichirei has helped restore the endangered <i>Cypripedium hotei atsumorianum</i> —Fujimi, Nagano Prefecture's <i>Cypripedium</i> Restoration Conference—since they were established. The town of Fujimi conducted a hands-on environment-related training program for Nichirei employees that included activities for the protection of the <i>Cypripedium macranthos</i> . Participating in activities to protect the <i>Cypripedium macranthos</i> allows one to experience the difficulty of restoring the balance of nature once it has been destroyed.
Hands-on training (Biodiverse forests)	As part of the Good for lunches! Good for the forest! Program which protects biodiverse forests, Nichirei Foods hold a hands-on nature training program for employees in forests it supports. <a href="https://www.nichirei.co.jp/english/csr/environment/action/sales/index.html">Nichirei Foods: Good for lunches! Good for the forest! Program https://www.nichirei.co.jp/english/csr/environment/action/sales/index.html</a>

## Environmental Accounting

To gain a quantitative picture of the costs and environmental benefits of its environmental protection activities, the Nichirei Group has implemented environmental accounting since FY01/3.

### Cost of Environmental Conservation

(Thousands of yen)

Cost category		Main activities	Food factories		Logistics centers	
			Investment	Expense	Investment	Expense
Costs within business area			112,232	1,059,840	81,670	296,350
Breakdown	Costs for preventing pollution	<b>Food factories</b> <ul style="list-style-type: none"> <li>Maintenance, management and load reduction of wastewater treatment facilities for preventing water pollution</li> <li>Maintenance and management of boiler facilities for heating and hot-water supply, and of facilities for eliminating food odors</li> </ul>	54,209	731,073	15,203	52,060
		<b>Logistics centers</b> <ul style="list-style-type: none"> <li>Maintenance, management and load reduction of wastewater treatment facilities for preventing water pollution</li> <li>Measures for controlling noise from stopped trucks</li> </ul>				
	Costs for protecting the global environment	<ul style="list-style-type: none"> <li>Adoption of energy-saving equipment, better efficiency of equipment</li> <li>Proper management of CFCs</li> </ul>	52,779	51,466	66,467	98,071
	Costs for recycling resources	<ul style="list-style-type: none"> <li>Proper storage of waste, arrangement of waste storage spaces designed for thorough waste separation and sorting</li> <li>Introduction of processing equipment for recycling</li> <li>Outsourcing of recycling and waste processing, management of proper processing</li> <li>Recycling of water</li> </ul>	5,244	277,301	0	146,219
Upstream and downstream costs		<ul style="list-style-type: none"> <li>Procurement and purchasing of environmental goods (green purchasing)</li> <li>* Difference between green purchase and regular purchase</li> </ul>	0	0	116	25,148
Management activity costs		<ul style="list-style-type: none"> <li>Development, maintenance and management of environmental management system</li> <li>Environmental education of employees</li> <li>Cleanup activities in areas around worksites</li> </ul>	0	19,695	10,602	29,070
Social activity costs		<ul style="list-style-type: none"> <li>Nature protection, cleanup activities and tree-planting activities in areas further away from worksites</li> <li>Donations to environmental conservation programs and organizations</li> </ul>	0	0	0	837
Total			112,232	1,079,536	92,388	351,405

### Main Investments for FY18/3

#### (Food factories)

- Maintenance, management and load reduction of wastewater treatment facilities
- Installation of high-efficiency refrigeration equipment and high-efficiency boilers

#### (Logistics centers)

- Costs for heat-reflective and thermal insulation work on buildings
- Installation of energy-efficient lighting
- Maintenance, management and load reduction of wastewater treatment facilities

#### Scope of calculation

Main food factories and logistics centers in Japan

#### Method of calculation

- Based on the List of Fixed Assets in the accounting system, depreciation and amortization is calculated for equipment related to environmental burden, such as wastewater treatment facilities, using the statutory useful life.
- Personnel expenses are calculated by determining the man-hours required for each environmental conservation activity, and multiplying this by the number of workers and the average wage rate at the worksite.

### Economic Effects of Environmental Conservation Measures in FY18/3

(Thousands of yen)

Description of effect		Value of effect
Increased earnings	Gain on sales from recycling	66,417
Cost reductions	Reductions in the cost of purchasing raw ingredients/materials and in the cost of processing waste due to a reduction in waste	413
	Reduction in energy costs due to energy savings (electricity)	8,211
	Reduction in energy costs due to energy savings (heat)	4,522
	Fewer resources consumed (water savings, decrease in containers and packaging, etc.)	4,971
Total		84,534

#### Scope of calculation

Eight Nichirei Foods-operated factories in Japan that have obtained ISO 14001 certification

#### Method of calculation

- Only substantial effects that can be calculated based on measurements, etc. have been included in the total (gains on sales arising from recycling promotion activities, reductions in costs arising from reduced power consumption, etc.)
- Equivalent to the profit contribution produced in FY18/3, attributable to new environmental conservation activities that were conducted in FY17/3 and FY18/3 (including activities started midway through the fiscal year).

## ■ Status of Environment-related Incidents, Legal Violations

In FY18/3, there were no legal violations or environment-related incidents that had a serious impact on the environment.

## ■ Ecology Committee Leads Environmental Resource Management

Most of the energy consumed by Nichirei Biosciences Inc. is used by its development center. For that reason, the company set up an Ecology Committee to make decisions related to environmental conservation. The committee's work entails creating a wide range of proposals for saving energy, providing feedback on matters subject to company-wide decisions, and serving as a link between employees and the company.

These tasks are facilitated by a regularly issued bulletin, the Eco-tan News, and all employees are involved in resources management.

In FY18/3, the committee verified the effects of air conditioner grills designed to increase the efficiency of heating and cooling. The grills had been introduced in FY17/3 for the purpose of reducing the energy consumed by air conditioners. Furthermore, in a project to relocate certain production bases from January 2019, the committee moved to make the new research and production base environmentally friendly. In addition to introducing systems to visualize solar power generation and power consumption, advanced environmental equipment will also be installed. Besides energy-saving effects, consideration is also being given to workplace comfort, with proposals being put forward for external awnings and an advanced lighting system.



A ceramic air conditioner grill



Discussion is encouraged at committee meetings



# Initiatives for Sustainable Raw Ingredients

## Basic Philosophy

To provide value to society and to continue to survive, it is vitally important for the Nichirei Group to secure a sustainable source of ingredients. Moreover, given that raw ingredients are harvested from natural ecosystems for its business, the Group recognizes that it is similarly important for it to address environmental issues in the supply chain—specifically, that it puts effort into energy use and climate change issues, takes into account water usage and impacts on biodiversity, and that it tackles pollution, waste and the efficient use of resources.

Having selected “maintain a sustainable supply chain” as one of the top-priority important items in the Nichirei Pledge (its basic CSR policy), the company established the Nichirei Group Sustainable Supply Chain Policy on April 1, 2017.

Nichirei makes efforts not only for its own business activities, but also to address societal and environmental issues in its supply chain. In proper collaboration with its suppliers and partner companies, Nichirei will work to maintain a sustainable supply chain so that it can provide safe and high-quality products and services in a reliable manner.

## Management System

To promote efforts to maintain a sustainable supply chain for all of Nichirei Group, the Group established the CSR Management discussion meeting in FY17/3. During this meeting, the Group’s common basic policy is examined, issues being faced and efforts being made by each operating company are shared, and so on. The meeting is held six or more times per year, and the results of the discussions are reported to the Board of Directors and the management conference, providing support for operating companies’ efforts to maintain a sustainable supply chain. The Nichirei Group Sustainable Supply Chain Policy was also established through the CSR Management discussion meeting. The Group procures products and services in accordance with the following policy and asks suppliers to also assent to and comply with it.

### Nichirei Group Sustainable Supply Chain Policy

- |                               |   |
|-------------------------------|---|
| ■ Legal compliance:           | We comply with the laws and social norms of each country and region where we operate.                                       |
| ■ Fair business practices:    | We employ fair, transparent, and impartial business practices.  |
| ■ Human rights:               | We respect human rights and provide safe, healthy work environments.  |
| ■ Environment:                | We strive to reduce environmental impact and consider the health of the global environment.                                 |
| ■ Product quality and safety: | We work hard to deliver safe, high-quality products and services.   |
| ■ Information management:     | We manage information properly and disclose information related to our business activities in a timely, appropriate manner. |
| ■ Local communities:          | We seek to build close cooperative relationships with local communities, as a good corporate citizen.                       |

 Nichirei Group Sustainable Supply Chain Policy (<https://www.nichirei.co.jp/english/csr/supplychain/index.html>)

Nichirei Foods conducts quality assurance audits in the form of factory inspections on each factory of contracted producers about once every two years. As part of this it confirms the implementation status of its Sustainable Supply Chain Policy.

In regard to environmental education within the Group, as part of its Training for New Managers, employees learn about sustainable raw ingredients as well as about the latest trends in Japan and overseas and issues faced by the Nichirei Group. In addition, the following goals have been set as a Group initiative.

### ■ Priority Challenges for Fiscal 2020 (FY21/3) (focus on business activities)

- Procure materials produced or caught in consideration of sustainable utilization and their processed products.
- Build a recycling system in collaboration with business partners and local communities to make full use of resources.

## Initiatives for Fiscal 2017 (FY18/3)

The Nichirei Group implements a variety of efforts for supply chain management in relation to its business activities.

### Sustainable Procurement in Symbiosis with Nature and Neighborhoods

Mauritanian potted octopi are one of the quality materials used at Nichirei Fresh. For more than 40 years, the company has been working with locals to catch octopi using pots, allowing it to provide high-quality octopus ingredients. This technique is less likely to damage fishing areas and overfishing. The group is working hard to develop sustainable fishing practices by complying with no-fishing periods and no-fishing standards by, for example, using both Brazilian and Mexican wild shrimp.

In addition to constantly offering a reliable supply of safe and secure foods, Nichirei Fresh Inc. will continue to develop and procure quality materials as it focuses on sustainable resources, as well as the importance of having a sustainable environment and society.

### Efforts for MSC/ASC-certified Materials

Nichirei Fresh developed the Forest of Life Project, which it has maintained together with Indonesia supplier PT. Mustika Minanusa Aurora (MMA) and Tarakan City in North Kalimantan since 2006, and worked on improving the aquaculture industry in partnership with WWF Indonesia and WWF Japan. As a result, this initiative became the first in Indonesia to receive ASC certification\*1 for black tiger shrimp in August 2017.

As of June 2018, Nichirei Fresh has 16 types of marine products that have obtained MSC certification. In FY18/3, Nichirei Fresh developed herring roe Matsumae-zuke and herring roe Wasabi-zuke made with MSC-certified Pacific herring (roe) with a business partner that has obtained CoC certification\*2. Going forward, with an aim of expanding its sales of sustainable marine products, Nichirei Fresh will continue to increase the number of ASC-certified and MSC-certified\*3 marine products it offers.

\*1 ASC certification: Marine products certified by the ASC (Aquaculture Stewardship Council) as having been cultivated in a sustainable manner.

\*2 CoC certification: Certification of the management of the processing and distribution processes.

\*3 MSC certification: Natural marine products certified by the MSC (Marine Stewardship Council) as having been cultivated in a sustainable manner.

 ASC and MSC Certifications for Marine Products (<https://www.nichirei.co.jp/english/ir/integrated/pdf/P17-18.pdf>)

 Maintain a sustainable supply chain (<https://www.nichirei.co.jp/english/csr/report/pdf/csr2018.pdf>)

### Initiatives for FA Ingredients

Drug-resistant bacteria—bacteria on which antimicrobial agents (antibiotics) no longer work—have become an international issue. To allay consumer anxiety toward this issue, Nichirei Fresh has been committed to raising FA (free from antibiotics) chickens for more than a decade.

In order to treat illness, prevent risks of disease associated with intensive poultry farming, and stimulate further growth, antibiotics, synthetic antimicrobial drugs and other pharmaceuticals are used in the farming of most generally available broiler chickens.

While FA chickens do receive vaccinations, these other pharmaceuticals are not used at all throughout the chicken's life. Instead, FA chickens are bred using a number of unique methods. As well as being fastidious about their breeding environment, a resistance to disease is developed in chickens by using lactic acid bacteria or other viable agents that benefit their health, as well as herbal medicines (Chinese medicines), to boost their inherent immune strength. FA chickens are kind to humans, kind to chickens, and kind to the environment.

 FA (free from antibiotics) chickens (<https://www.nichireifresh.co.jp/product/livestock/detail/?id=376>) (Only available in Japanese)

### Suppression of Methane Gas Emissions by Cattle

 Suppression of methane gas emissions by cattle (<https://www.nichirei.co.jp/english/csr/environment/action/locality/index.html>)

# Initiatives for Energy and Climate Change

## Basic CSR Policy

Established as an environmental initiative, the Nichirei Group's Environmental Policy includes a theme of preventing global warming. Corporate business activities and global climate change have a great deal to do with each other. The business activities of a food-related corporate group, in particular, rely heavily on natural ecosystems for procurement of ingredients, and are thus greatly influenced by climate change. Since using cold storage facilities is indispensable for the Nichirei Group's business activities, it recognizes that rising energy prices and responding to environmental regulations are significant risks. Based on this recognition, the Group is working on the following in cooperation with its suppliers, partner companies and so on.

- Efficient energy use in the production of food products
- Reduction of greenhouse gases through increased efficiency in temperature-controlled transportation
- Reduced impact of business activities on climate change through promoting the use of renewable energy, from procurement and production, through to storage, logistics, and sales

## Risks and Opportunities from Greenhouse Gas Emissions


The Nichirei Group sees various risks and opportunities associated with climate change, and is working hard to address them. For instance, it views changes to the feed-in tariff for renewable energy as a potential institutional opportunity of increased revenue from the solar power generation projects conducted on idle land owned by the Group. In its refrigerated logistics business, the Group perceives several risks, including an increase in the outside air temperature, a rise in energy prices, compliance with regulations on alternative CFCs, and the emergence of alternative methods for food preservation. Any rise in the outside air temperature does also present some positive aspects for the processed foods business: sales of microwave foods and ready-cooked foods increase as people avoid high-temperature cooking on hot days, and ice products sell well as people want to lower their body temperature against the heat.

While changes in temperature and rainfall could lead to a physical impact in the localized failure of crops, the Nichirei Group instead sees this as a business opportunity because it hedges against risks concerning materials supply to cope with such events. Furthermore, to counter disasters, such as flooding caused by changes in precipitation patterns, the Group also anticipates and responds to operational shutdowns from the perspective of business continuity planning (BCP). And to counter the risk of consumers changing their choices, the Group is working hard to develop products and provide meat and poultry products that reduce the emission of substances causing global warming.

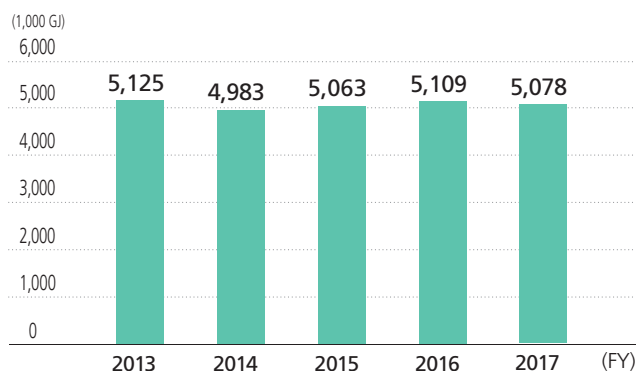
## Management System

 Environmental management system (<https://www.nichirei.co.jp/english/csr/environment/system.html>)

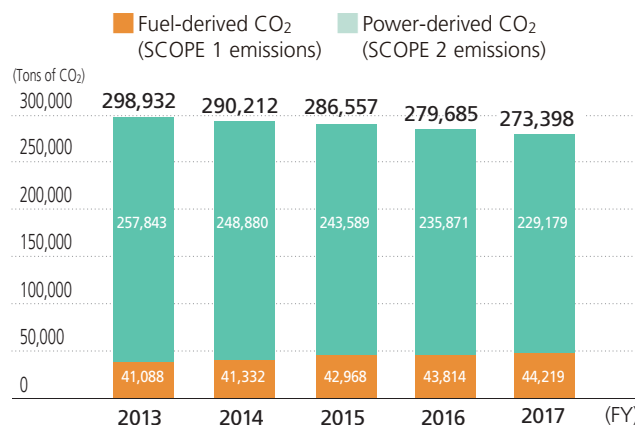
Regarding the actual values for the Group targets, actual greenhouse gas emissions for Nichirei Logistics Kanto, Inc.'s Tokyo Distribution Center and Logistics Network, Inc.'s Shinagawa Distribution Center have been verified by a third party under the Tokyo Metropolitan Government's (TMG) Tokyo Cap-and-Trade Program, and a reduction plan until fiscal 2019 (FY20/3) has been submitted.

 CO<sub>2</sub> emissions data published on the TMG Bureau of Environment website (9:00–18:00, weekdays)  
(<https://www9.kankyo.metro.tokyo.jp/koukai/koukai.html>)

### Energy Consumption of the Nichirei Group



### SCOPE 1 and SCOPE 2 CO<sub>2</sub> Emissions of the Nichirei Group




\* Calculated based on the Act on Promotion of Global Warming Countermeasures.

## Greenhouse Gas Emissions Outside the Group

To prevent global warming, it is important to reduce greenhouse gas (GHG) emissions across the whole value chain, not just within the corporate group.

Preliminary investigations have shown that the Group's GHG emissions across the value chain (Scope 3) is larger than Scope 1 + Scope 2 emissions. Emissions are particularly large in the raw materials procurement and the outsourced logistics categories. The Group will work to reduce GHG emissions across the value chain, such as by promoting modal shifts in cooperation with suppliers.

## Initiatives for Fiscal 2017 (FY18/3)

 The Nichirei Group's approach to environmental conservation  
(<https://www.nichirei.co.jp/english/csr/environment/concept.html>)

### Initiatives in Production Regions

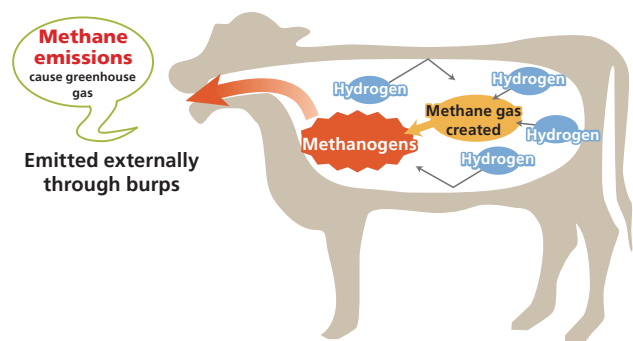
#### Suppression of Methane Gas Emissions by Cattle (Nichirei Fresh)

Ruminants, such as cattle and sheep, are known for their production of methane gas, which has 21 times the greenhouse effects of CO<sub>2</sub>. The gas is produced in their stomachs, released internally when their food is broken down and digested, and then release externally. Since prevention of global warming has become a worldwide issue, Nichirei is undertaking the suppression of methane gas emissions produced by cattle.

The hydrogen generated by the activity of microbes in the rumen (the first stomach) during the digestive process is turned into methane gas by methanogen, and released externally through burps. If cattle are given flaxseed oil fatty acid calcium\*<sup>1</sup>, the hydrogen in their rumen combines with the unsaturated fatty acids in the oil to form saturated fatty acids. Since research results show that methane gas production can be suppressed, to this end Nichirei has been testing crossbred cattle (male Wagyu and female dairy cattle) on domestic farms since FY10/3.

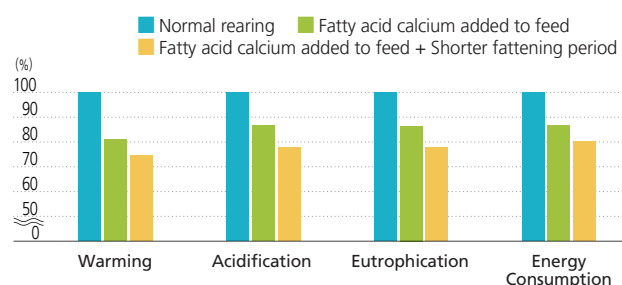
Using Kyoto University's life-cycle assessment (LCA)\*<sup>2</sup> method developed in 2010 to gauge fattening methods, Nichirei has been able to confirm that the environmental impact of these crossbred cattle is 10% less than when conventional fattening methods are used. Further, there is an improved omega balance\*<sup>3</sup>, while feed costs are lower due to the shorter fattening period resulting from improved growth\*<sup>4</sup>. Nichirei is now moving toward the sale of beef produced through a nationwide rearing program using flaxseed oil fatty acid calcium. In addition to cross-breeding, Nichirei is also expanding this production method to crossbred Wagyu and Holstein cattle (bulls).

#### Methane Gas Production



**Nichirei suppresses the creation of methane gas by providing feed containing flaxseed oil fatty acid calcium.**

#### Evaluation of Impact on Global Environment



\* Evaluation by Kyoto University \*3 Carrying figure

\*1 Flaxseed oil fatty acid calcium: A fusion of calcium with the oil extracted from flax seeds rich in alpha-linolenic acid (omega-3 fatty acid).

\*2 Life cycle assessment (LCA) is the technique of comprehensively analyzing and assessing a product's environmental impact throughout its entire life cycle, from the raw materials, manufacture and distribution, through to disposal.

\*3 Omega balance: The balance between omega-6 and omega-3 fatty acids, which are particularly important essential fatty acids for the human body.

\*4 This results from the development of low-cost techniques for cattle production, based on a superior balance of omega-6 and omega-3 fatty acids, and the subsequently reduced environmental impact. Source: Ibaraki Prefecture Hitachiomiya Regional Agricultural Research and Promulgation Conference report, 2011.

### Initiatives at Food Factories

Factories at Nichirei Foods are equipped with refrigeration and cold storage facilities.

High-efficiency equipment was previously installed in an attempt to conduct more thorough operations management. In FY15/3, an analysis of data from all factories was conducted, operational issues were extracted, and measures were implemented to improve those issues. Outcomes from verifications conducted at a number of factories have been expanded to other factories.

In FY18/3, in addition to reducing energy consumption by relocating food factory lines, consolidating and reviewing manufacturing processes, adjusting boiler-related operations and undertaking other energy-saving activities, Nichirei Foods also adjusted the amount of hot water used for washing and updated the air conditioning. Through various initiatives at its factories, the company is reducing its CO<sub>2</sub> emissions intensity.

## Initiatives in Cold Storage Facilities and Logistics Centers

### Preventing Refrigerant Leaks to Boost Operating Efficiency

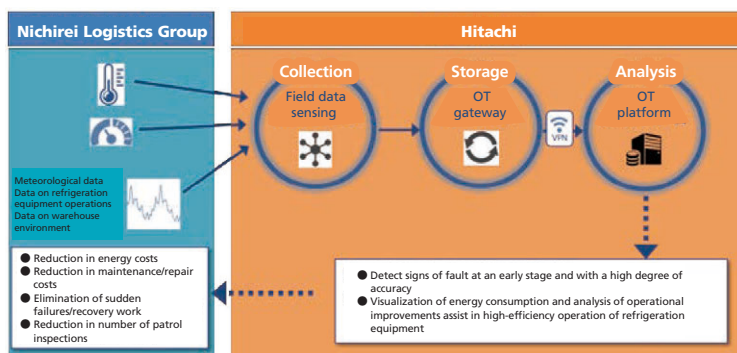
The Nichirei Logistics Group is stringently checking equipment to reduce refrigerant leaks at all domestic centers.

In FY14/3, the Group installed high-sensitivity detectors, which are 10 times more accurate than those previously used, and can detect even minor leaks. By managing the amount of refrigerant used and eliminating leaks, the Group can achieve near-optimum equipment functioning. At the same time, the Group is working to avoid the unnecessary use of electricity. The Group has non-regular staff carry out inspections, since they notice energy-saving points that regular staff may overlook. Energy-saving inspections of the entire center are conducted in parallel with the refrigerant checks as both contribute to CO<sub>2</sub> reduction and the prevention of global warming.

Since September 2018, the Nichirei Logistics Group has been conducting a joint demonstration in collaboration with Hitachi, Ltd. at Funabashi DC, utilizing state-of-the-art IoT technology for the early diagnosis of faults in refrigeration equipment and to improve the efficiency of equipment operations and maintenance. Visualizing energy consumption and analyzing operational improvements will assist the high-efficiency operation of cold storage facilities and will help reduce CO<sub>2</sub> emissions.



#### Conceptual Diagram of Joint Demonstration



### Use of Natural Refrigerants

At its cold storage facilities, the Nichirei Logistics Group is promoting a switch from refrigeration equipment using hydrochlorofluorocarbons (HCFCs) to that using natural refrigerants. As a matter of policy, the Group chooses natural refrigerants when building new cold storage warehouses and extensions to facilities.

#### Example of Switch to Refrigeration Equipment Using Natural Refrigerants

Fiscal Year	Facilities Upgraded to Natural Refrigerant Equipment	Program Providing a Subsidy for Upgrade
FY14/3	Logistics Network Sugito TC	Subsidies for businesses that rationalize energy usage
FY15/3	<ul style="list-style-type: none"> <li>Nichirei Logistics Kansai Sakishima DC</li> <li>SCG Nichirei Logistics Co., Ltd. (Thailand)</li> </ul>	—
FY16/3	<ul style="list-style-type: none"> <li>Logistics Network Funabashi DC 8th Expansion Building</li> <li>Nichirei Logistics Tokai Shiratori DC 8th Expansion Building</li> </ul>	Program for applying advanced technologies to promote wider application of equipment using energy-saving natural refrigerant
FY17/3	<ul style="list-style-type: none"> <li>Nichirei Logistics Chushikoku Takamatsu-Nishi DC 2nd Building</li> <li>Nichirei Logistics Tokai Haruhi DC 2nd Building</li> <li>Logistics Network Funabashi DC 4th and 9th Building</li> </ul>	Program for applying advanced technologies to promote wider application of equipment using energy-saving natural refrigerant
FY18/3	<ul style="list-style-type: none"> <li>Nichirei Logistics Tohoku Sendai DC 1st Building</li> <li>Nichirei Logistics Tohoku Morioka DC 2nd Building</li> <li>Nichirei Logistics Kanto Mito DC 1st Building</li> </ul>	Project to promote energy-efficient commercial refrigeration and air conditioning, for the creation of a CFC-free society

### Corporate Collaboration for More Efficient Energy Consumption

The Nichirei Logistics Group is working to reduce electricity consumption during product storage, as well as CO<sub>2</sub> emissions and fuel consumption for transportation and production by increasing the efficiency, across the board, of the supply chain involved in logistics, production, and storage.

Thus, both Nichirei Foods and Hokkaido Foods, one of the former's sub-contractors, secured safety stock in order to prevent inventory shortages and the only partial sharing of information. In addition, the business fluctuations in production and shipping caused by sales resulted in a major burden for both companies' supply chains.

In FY10/3, The Nichirei Logistics Group took over control of Hokkaido Foods' logistics and introduced several improvements. The result of their study of the business fluctuations of the logistics side of business, which had been an ongoing problem right from the beginning, led to a suggestion that there be collaborative management between three companies. This would cover operational information, sales plans, re-stocking and inventory plans, production plans, and even shipping plans, aimed at leveling out logistics. FY12/3 saw the start of the three companies' improvement project begin. In October of 2012, it went into full operation, and improvement activities continue to this day.

#### ■ Initiative

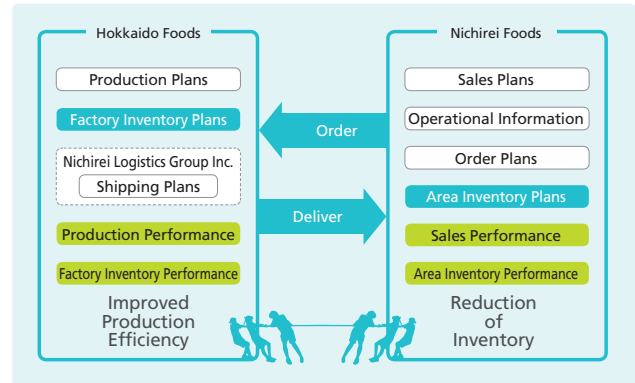
1. Use groupware to make essential information of all three companies transparent; change to a comprehensive management system through daily data sharing and by linking production, inventory, and shipping planning.
2. Switch from Nichirei Foods' restocking plan; prioritize reducing logistics center stock; and restock, taking into account the efficiency of consolidated shipping and production.

#### ■ Results

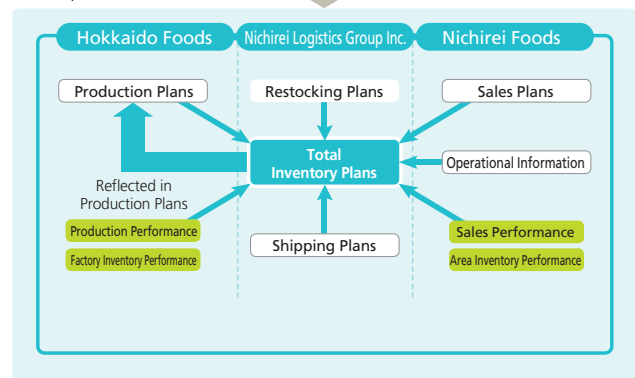
- Reduction of total inventory (down 25.7%)
- Leveling of logistics
- Improvement in loading efficiency
- Elimination of frequent shipping (restocking) and small lots
- Reduction of energy consumption at cold storage facilities and food factories
- Improved productivity
- Less clerical work

### Three Companies Collaborate for Cut Costs, Improve Shipping

(Before implementation)



(After implementation)



### Fuel Conversion from Liquid Fuel (Fuel Oil, Kerosene) to Municipal Gas and LPG

Nichirei is in the process of converting to municipal gas and LPG, which have low CO<sub>2</sub> emission rates compared with fuel oil and kerosene.

In FY13/3, Nichirei transitioned from using fuel oil to municipal gas to run the boilers at the Nagasaki plant, later implementing the same change at its Funabashi and Yamagata plants. Along with fuel conversion, the switch to high-efficiency equipment and the promotion of energy-saving activities have resulted in substantial reductions of CO<sub>2</sub> emissions.

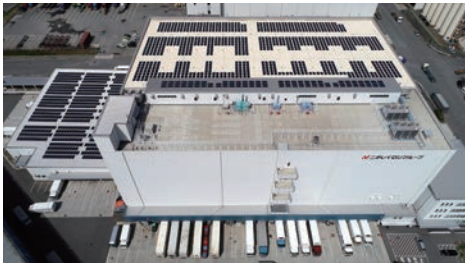
### Utilizing Waste Heat

Nichirei Foods Inc. is using high-temperature, high-pressure steam to heat the oil in deep fryer equipment installed at its Funabashi No. 2 Plant. The drainage produced by this kind of steam is normally collected and then emitted as is, without using the flash steam that forms when it is exposed to the air. Nichirei Foods, however, installed a system for collecting the flash steam, with a view to reusing it in preprocessing steamers. The system releases the high-temperature, high-pressure drainage into a collection tank, returns the high-temperature drainage down an existing route using a pump, and sends the resultant flash steam to the preprocessing steamer via a pipe so that it can be used. Use of this system has enabled the company to reduce the amount of steam used in its steamers, and cut CO<sub>2</sub> emissions by 21 tons per year.



### Use of Solar Energy

Solar energy generation equipment has been installed at Nichirei Foods' Funabashi plant and at Nichirei Ice, K.K. The Nichirei Logistics Group also installed solar panels at the Matsue DC and Kushiro DC in 2017, and at the Sakishima DC in 2018. Approximately 1.08 million kWh of solar power is expected to be generated annually at these three distribution centers, equivalent to an annual reduction in CO<sub>2</sub> of approximately 448.3 tons.



Sakishima DC



Matsue DC



Kushiro DC

### Greening Initiatives

Nichirei's CO<sub>2</sub> reduction initiatives include developing CO<sub>2</sub> sinks and reducing emissions. In addition to managing green spaces on its properties, it participates in planting trees and flowers and weeding together with its neighbors.



Greening of the Kansai plant



## Initiatives in Transportation and Delivery

### Optimal Logistics for CO<sub>2</sub> Reduction

Nichirei Group cutting logistics-related CO<sub>2</sub> emissions Shipping-related CO<sub>2</sub> emission cuts seen as important priority.

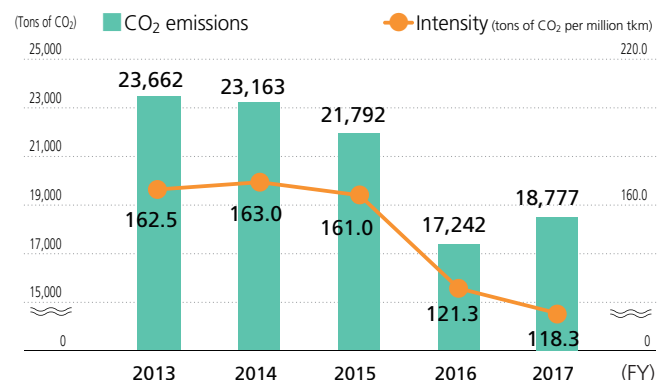
The Eco Ship Mark is a sign that the company contributes to environmental measures. It can only be used by shippers and logistics firms certified as using a minimum percentage of marine transportation. Prioritizing the reduction of CO<sub>2</sub> emissions during the transportation and delivery of products, Nichirei Foods has obtained Eco Ship Mark certification.

During FY18/3, despite having promoted a modal shift from trucks to rail for some of its transportation from factories in Hokkaido to Kanto and for some of its transportation from Kanto to Hiroshima, an increase in sales volume resulted in an increase in CO<sub>2</sub> emissions compared to the previous fiscal year. In FY19/3, Nichirei Foods will promote a reduction in domestic transportation distances by changing the unloading ports for foreign imports, and will promote a greater use of rail by reviewing its logistics bases.

The Nichirei Logistics Group believes that contributing to the lives of consumers by shipping food is its most important duty. Using the best logistical solutions, such as transfer center functions and joint shipping, it is undertaking to provide consumers with optimal logistical efficiency, while also reducing CO<sub>2</sub> emissions. In addition, to increase shipping efficiency the Group is reducing the number of trucks it uses. This it can do thanks to increased loading efficiency, the improved circulation of vehicles, and reduced downtime. The change reflects a softening of delivery requirements (shipping timeslots, locations), which result in reduced CO<sub>2</sub> emissions.

 Initiatives at cold storage facilities, logistics centers  
(<https://www.nichirei.co.jp/english/csr/environment/action/factory/center.html>)

### CO<sub>2</sub> Emissions and Intensity during Transportation of Products by Nichirei Foods



\* The method for calculating energy consumption was changed from the ton-kilometer method to the fuel method.

### Activities with European Logistics

The Nichirei Logistics Group's overseas business began with its expansion into the Netherlands in 1988. As of March 2018, Nichirei Holding Holland B.V. has eight companies—including cold storage facilities and low temperature shipping businesses—and is expanding from its hub in Rotterdam. Logistics in Europe center on shipping by truck, reflecting the advanced state of the local infrastructure. During the past few years, a modal shift has been promoted in the interests of the environment, resulting in a transition from highway truck transportation to maritime and railway transportation, making it possible to ship large volumes of goods. Mostly, when a containership docks at Rotterdam, the containers are offloaded and trucked to a warehouse. With containerships are getting progressively larger, and it is now possible to fit 9,000 forty-foot\* containers on the larger vessels. Shipping these by truck would mean using 9,000 trucks, which would generate large amounts of CO<sub>2</sub>.

Holland's Hiwa Rotterdam Port Cold Stores B.V. uses river barges to reduce its CO<sub>2</sub> emissions when moving containers from the container yard to their warehouses. With up to 25 containers piled on one barge, some 3.5 tons less CO<sub>2</sub> is produced than were 25 trucks used to transfer the containers. Currently there are two barge vessels in the Netherlands that have their own container cranes. Both of them are working for HIWA.

At Transports Godfroy in France, the environmental initiatives of its shipping business include introducing eco-driving training for its drivers in FY12/3. Meanwhile, the social contribution activities of its shipping business include the donation to charities—of course with the permission of the consigners—of goods it has had in storage that are past their use-by date.

\* 40 feet = 12.192 meters



Hiwa Rotterdam Port Cold Stores B.V.



River barge

### Eco-driving Seminars, Tournaments Boost Driver Awareness

The Nichirei Logistics Group has formed a national network of affiliated transportation and delivery companies, and encourages them to obtain Green Management Certification. As of April 1, 2017, 75 of the 102 member companies had obtained green management certification.

In an effort to improve the quality of shipping by these companies, Logistics Network holds driver tournaments and eco-driving seminars at six locations across the country each year. In the driver tournaments, truck drivers compete against each other for points, which are accumulated from practical exams on general inspections and written tests covering basic safety and quality rules related to shipping services offered to customers.

These tournaments help the participants improve the safety of shipping services, maintain the high quality of those services, gain inspection skills, and increase their awareness of safe driving, while at the same time giving each individual pride in their work and a sense of social responsibility. The fifth national tournament was held in FY18/3 with a view to further improve shipping quality.

In addition, Logistics Network began a full-fledged initiative in FY15/3 for using pallets in its main shipping operations and establishing services with fixed arrival and departure times. The downtime at bases and time spent loading were vastly reduced, which led to an improvement in the work environment of long-haul drivers. In addition, the fact that vehicles were idle for less time led to their having less of an environmental impact.

### Green Management Certification

NK Trans is working to reduce the environmental impact of its business activities to better co-exist with society as a transportation business. It thus considers environmental conservation to be part of its corporate social responsibility.

In addition to complying with such environment-related laws and regulations as pollution prevention ordinances, NK Trans promotes eco-driving and use of the idle-stop system, in addition to the use of low-emission vehicles, and compliance with the relevant waste disposal laws.

As a result, the Numazu Logistics Center obtained green management certification in January 2012, while the Niiza Office (transportation) obtained it in March 2014. Kyokurei's main office and logistics centers (in the Tokyo districts of Yamashita, Daikoku, Atsugi, and Nakai) have obtained Green Management Certification, as have all distribution centers of Kyokurei Operation.

\* Green management certification: The certifying organization, the Foundation for Promoting Personal Mobility and Ecological Transportation, conducts evaluations, certification, and registration of workplaces that carry out initiatives above a certain level, as defined in the Green Management Promotion Manual, published by Japan's Foundation for Promoting Personal Mobility and Ecological Transportation.



Driver contest



### Efforts for Modal Shift

In recognition of its achievements in expanding modal shift in frozen food shipping, the Nichirei Logistics Group's Logistics Network received the Modal Shift Best Operator Award (Grand Prize) at the 14th Award for Excellent Business Entities Working on Modal Shift in 2016, and received the Green Logistics Partnership Meeting Outstanding Business Award\*<sup>1</sup> in 2017. Logistics Network is a third-party logistics (3PL)\*<sup>2</sup> company that improves and manages all logistics operations for its shipper clients, from procurement and stock control to distribution. It has been promoting modal shift for more than 10 years. Rather than just simply using railways and ferries, it implements a variety of advanced solutions, such as having several shippers share a trunk line for transporting goods and making shipments more efficient and standardized by utilizing a demand forecasting system. Since 2009, by increasing distances transported by ferry on the Pacific seaboard using container relay services, Logistics Network has achieved a 30% reduction in CO<sub>2</sub> emissions compared to the previous route combining land transportation with services along the Sea of Japan coast. In 2017, the company received an award along with Nichirei Foods (the owner of the cargo) and its partner companies, Ocean Trans Co., Ltd. and Nippon Express Co., Ltd. Going forward, it will continue to promote sustainable business management that reduces environmental impact and addresses labor shortages.

\*<sup>1</sup> An institution administered by the Ministry of Land, Infrastructure, Transport and Tourism and other bodies that awards excellent initiatives that promote CO<sub>2</sub> reduction in the logistics field.

\*<sup>2</sup> 3PL: Third-Party Logistics

### Driver Advance Reservation System

At distribution centers, truck arrivals tend to be concentrated at the same times. Being uncertain of what cargo is onboard further complicates the loading and unloading, and drivers have to wait around for long periods of time, which becomes a social problem.

To alleviate and eliminate this problem of trucks being on standby, the Nichirei Logistics Group began operating the Driver Advance Reservation System in October 2017. By using the system, trucks (shipper or shipping company) can reserve their preferred time against available loading/unloading times set for each distribution center. Details of the loaded cargo are also sent to the distribution center in advance, which means that the checking of orders by shipping companies, which used to be done once the truck had arrived, can now be performed ahead of time. This facilitates loading and unloading operations, which in turn, shortens the hours that each truck is on the road, and ultimately leads to a reduction in CO<sub>2</sub> emissions. Starting with the Logistics Network's Sugito DC and Osaka Futo DC, the system will be gradually rolled out to other distribution centers.

### Initiatives at Head Office, and Offices

#### Energy-saving Air Conditioning, Lighting

The Nichirei Group uses energy-saving equipment in its buildings, conserves energy in its offices, and uses low-emission vehicles. At its head office building, the Group has a policy of changing room temperatures and lighting levels, and ensuring that lights are turned off. In addition, the Group introduced the use of hybrid vehicles at its operating branches, began using electric vehicles at its food plants and cold storage centers on a trial basis, and uses these vehicles to transportation customers.

#### Real-time Energy Monitoring at Technology Center

In June 2011, Nichirei introduced demand controllers to monitor electricity consumption in real-time at its technology development center. The upper limit of electricity consumption can now be controlled during periods of high demand. Controllers are also used to curb the use of air conditioners, and to evaluate the operation of storage testing warehouses used for preservation testing and the cold or frozen storage of raw ingredients and test products during the summer.

As part of its yearlong initiatives Nichirei is conducting more thorough operations management of the boilers that create the steam used in its food processing equipment.

### Initiatives in Retail Stores and Customer-related Areas

#### Some Sales Proceeds Support Forest Preservation

 Nichirei Foods: Good for lunches! Good for the forest! Program (<https://www.nichirei.co.jp/english/csr/environment/action/sales/index.html>)

### Activities of Industry Organizations

As part of its activities to avert climate change, the Nichirei Group is a member of industry organizations, and collaborates in those organizations' measures for creating a low-carbon society. Nichirei and Nichirei Foods are full members of the Japan Frozen Food Association, and Nichirei Logistics Group Inc. and the main subsidiaries of the Nichirei Logistics Group are members of the Japan Association of Refrigerated Warehouses.

# Initiatives for Water Resource Conservation

## Basic CSR Policy

Established as an environmental initiative, the Nichirei Group's Environmental Policy includes themes of promoting sustainable recycling and living in symbiosis with nature. Use of water is an important element that is closely related to these themes.


Water resources are extremely important in aspects of the processed foods business, namely, in the development of farm produce and meat and poultry products, the manufacture of prepared frozen foods, and in sanitation maintenance and control during manufacturing. Water is also necessary in the refrigerated logistics business, such as in the operation of water-cooled refrigeration equipment.

As part of its medium-term environmental targets (for FY17/3–FY19/3), the Group formulated the following behavioral target, with a focus on its food factories in Japan: "In consideration of the environmental conditions surrounding water in each community, the Group engages in water resource conservation through efficient water usage aimed at sustainable water usage." By properly managing water use and drainage, the Group will maintain efforts for sustainable water usage and conservation, while gauging the impact of its business activities on biodiversity.

## Management System

Regarding water resources used in business, the volumes of water used and wastewater discharged at worksites in Japan are included in the Group's CSR Report for external publication. These figures, along with other details of the CSR Report, are approved by management and other members of the Group Environmental Protection Committee at its first meeting for the fiscal year which is held in May.


Forest conservation activities leading to the preservation of water resources are publicized internally and externally via the Group's website and intranet. Hands-on environmental education programs for employees are also conducted at the forests receiving support, designed to raise employee awareness for the environment.


 Environmental Protection Committees, Group Environmental Protection Committee  
(<https://www.nichirei.co.jp/english/csr/environment/system.html>)

## Initiatives for Fiscal 2017 (FY18/3)

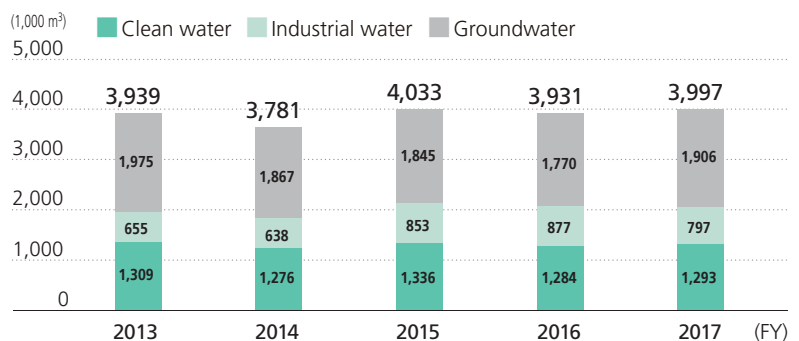
In terms of water-related initiatives associated with business activities, in addition to water-saving efforts at its food factories and distribution centers, the Group is raising employee awareness such as by displaying posters. At worksites in Japan, the Group keeps track and manages consumption of water and quality of wastewater through regular monitoring in compliance with various laws and regulations. Forest conservation activities have also been conducted, leading to the conservation of biodiversity through protecting and caring for water.

Please refer to the following websites for information on the Group's main initiatives.

 Nichirei Foods: Good for lunches! Good for the forest! Program  
(<https://www.nichirei.co.jp/english/csr/environment/action/sales/index.html>)

 Environmental management > Environmental management system > Medium-term targets and results > Group medium-term targets  
(<https://www.nichirei.co.jp/english/csr/report/pdf/csr2018.pdf>)

### Water Usage



# Initiatives for Biodiversity Conservation

## Basic CSR Policy

[Biodiversity Policy \(https://www.nichirei.co.jp/english/csr/environment/concept.html\)](https://www.nichirei.co.jp/english/csr/environment/concept.html)

## Management System

As “living in symbiosis with nature” is one of the three priorities of the Nichirei Group’s Environmental Policy, the Group is committed to environmental conservation activities. Within its business activities, the Group actively procures sustainable materials and processed items, builds recycling systems in collaboration with business partners and local communities, and disseminates information and conducts activities for biodiversity conservation and environmental awareness raising at worksites and suppliers.

The initiatives are reported by each operating company’s Environmental Protection Committee and by the Group Environmental Protection Committee, which meets three times a year. The environmental protection policies and strategies of the entire Group are then determined based on the content and progress of these initiatives. Initiatives for biodiversity are carried out based on the formulated plans.

## Initiatives for Fiscal 2017 (FY18/3)

### ■ Collaboration with WWF Indonesia and WWF Japan Promoting Biodiversity Conservation in North Kalimantan through the More Than Decade-long Forest of Life Project

In the province of North Kalimantan, on the Indonesian island of Borneo, the natural environment is facing destruction from the expansion of plantations, afforestation, and shrimp farming. The rapid increase in the number of shrimp farms in coastal areas has led to the successive felling of forests and mangroves, and the rapid environmental changes are threatening valuable wildlife species with extinction.

In 2006, responding to concerns over the loss of mangroves in North Kalimantan, Nichirei Fresh initiated the Forest of Life Project in cooperation with its local supplier, PT. Mustika Minanusa Aurora (MMA) and the city of Tarakan, on Tarakan Island. The project assists in planting efforts and biodiversity conservation, by selling shrimp cultivated traditionally without using formula feed or electricity, and donating a portion of the proceeds to MMA’s Mangrove Foundation. In partnership with WWF Indonesia and WWF Japan, Nichirei Fresh is currently promoting activities improving aquaculture as part of the WWF North Kalimantan Sea and Forest Conservation Project. Over a 10-year period, trees have been planted across an area stretching 302 hectares in an effort to restore mangrove forests. This has resulted in an increase in wildlife, including small birds, crabs and small fish, and even proboscis monkeys introduced from outside the region have begun breeding naturally. Due to these activities, a portion of MMA’s traditional cultivation ponds became the first in Indonesia to receive ASC certification for black tiger shrimp in August 2017.



About half of the island's forest has been lost over the past 50 years



North Kalimantan



Shrimp that have grown big



Regeneration of mangrove trees

Please refer to the following website for further details.

[Nichirei Fresh Forest of Life Project \(https://www.nichireifresh.co.jp/inochinomori/\)](https://www.nichireifresh.co.jp/inochinomori/) (Only available in Japanese)

### ■ Some Sales Proceeds Support Forest Preservation

#### Nichirei Foods: Good for Lunches! Good for the Forest! Program

Nichirei’s CSR activities include the purchase of forest credits to support forest preservation activities.

In gratitude for the earth’s abundance, which provides the ingredients for its products, Nichirei Foods runs a program to protect and develop forests. As of March of 2014, part of the proceeds of the program—called Good for Lunches! Good for the forest!—go for the purchase of CO<sub>2</sub> credits. As of July 1, 2018, the forest conservation activities had supported a total area of 6,058,000 m<sup>2</sup> (equivalent to about 130 Tokyo Domes).

[Nichirei Foods: Good for lunches! Good for the forest! Program \(https://www.nichirei.co.jp/english/csr/environment/action/sales/index.html\)](https://www.nichirei.co.jp/english/csr/environment/action/sales/index.html)

## ■ Environmental Research & Protection, Biodiversity Conservation in Fukushima Prefecture's Urabandai Area

Nichirei owns land near Lake Hibara in Fukushima Prefecture's Urabandai region, and the company supports research on the natural environment in the surrounding areas and environmental and biodiversity conservation based on that research. Following the 1888 eruption of Mount Bandai, all vegetation disappeared in the Urabandai area, but with the passing of more than 125 years, one can see returning vegetation: red pine forests, white willows, reeded wetlands, and aquatic plant clusters in marshlands. The red pine forests continue to spread, having been planted in the Urabandai tablelands by people who want to see the return of greenery in the area. But the company's land, as yet unforested, provides an academically valuable area for observing virgin nature as it transitions.

Nichirei has supported the research activities carried out, since FY12/3, in the Urabandai area by the Natural Symbiosis and Regeneration Department of the Practical Education Promotion Center's Research Division at the Fukushima University Graduate School of Symbiotic Systems Sciences. Since FY14/3, the company has been supporting the Fukushima University Graduate School of Symbiotic Systems Sciences Research Division's project, to determine research models for the preservation of natural environment in transition as a natural heritage site, namely, research on humans and the natural environment (preservation of biodiversity) in Bandai's Asahi National park. This is not limited to company land. The results of a wide variety of research—including that on plants and insects in lakes and swamps in the Urabandai area, as well as an analysis of sediment in the bed of Lake Inawashiro in the Inawashiro area—has enabled Nichirei to confirm that several species are endangered, and to learn the partial history of the formation of Lake Inawashiro. Further, the rarity of the natural environment in these areas is becoming increasingly apparent as, for example, when a dragonfly was found with characteristics that are vastly different to those known today and which has a high probability of being a new species.

During FY18/3, for the purpose of considering future initiatives on lands owned by the company, Nichirei checked on the conditions of these lands, led by a professor from Fukushima University. The check revealed a particularly rich variety of dragonflies and a good water environment. In addition, the company donates to the Sparkling Water Bandai Mizumirai Fund (Inawashiro Lake/Urabandai Lake Aquatic Environment Conservation Measures Association), which promotes aquatic environment conservation in Lake Inawashiro and the Lake Urabandai basin. This fund disseminates information about the association's activities, and seeks to pass along the lake Inawashiro and Urabandai wetland areas to future generations in their pristine condition by expanding the circle of understanding and support.



Water quality surveys in the Urabandai area wetlands



The Himeshiro dragonfly: a new species

## ■ Activities to Protect the Endangered Cypripedium

The cypripedium rock orchid, designated an endangered species and once native to Nagano Prefecture's Fujimi area, has seen a significantly decreased presence in its native habitat due to over-harvesting, damage caused by wild animals such as deer, and the impact of climate change. This caused alarm among Fujimi residents, and led to the earlier-mentioned Fujimi Cypripedium Restoration Conference.

The Nichirei Group has been part of these activities from the start and, as a result of biotechnological applications, had increased the number of plants to around 30,000 by FY12/3. Members of the Group and the restoration conference painstakingly grew orchids from seeds. Six years after the seeds had been sown, the orchids finally bloomed in mid-May 2014, and have continued to do so through to FY19/3.

Having overcome the barrier of having the orchid flower for the first time indicates that there is a possibility that the initiatives so far undertaken to restore the cypripedium will expand. It seems that major impetus has been provided for other protection activities, and that the Nichirei Group will continue to protect the cypripedium.



A cypripedium in bloom

# Emissions into the Atmosphere

## Management System

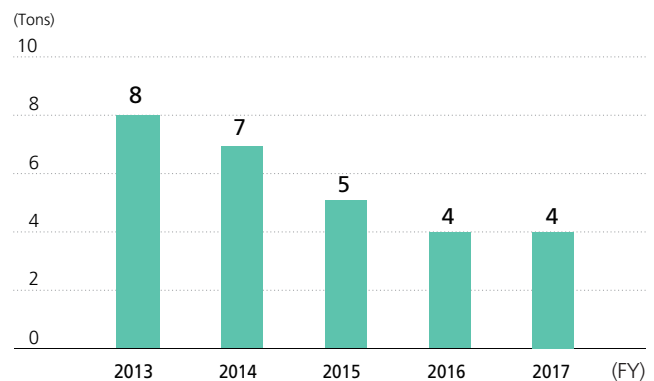
The Nichirei Group manages and stores PRTR substances and PCBs (polychlorinated biphenyls) in accordance with statutory standards for the management of chemical substances. Furthermore, during fiscal 2017 (FY18/3), there were no environmental accidents or violations of laws or regulations that could have a material impact on the environment.

## Initiatives for Fiscal 2017 (FY18/3)

### Reduction of NOx, SOx, and PM Emissions

Nitrogen oxide (NOx) and sulfur oxide (SOx) are produced when fuel oil and gas are burned in food factory boilers. Through proper facility management at its factories, Nichirei is complying with emissions standards stipulated by law and aiming for an overall reduction in emissions volume. The Nichirei Logistics Group is promoting increased logistical efficiency through joint shipping and modal shifts making use of railways and ferries. The Group is making progress on the reduction of NOx and particulate matter (PM) emissions by using exhaust regulation-compliant vehicles, conducting proper vehicle maintenance, and promoting such initiatives as eco-driving. Furthermore, there are no emissions from the Nichirei Group's business corresponding to the volatile organic compound (VOC) emission standards.

#### SOx Emissions



\* Facilities where measurements of smoke and soot are taken.  
Not including emissions derived from vehicles.

### Use and Management of CFCs

Chlorofluorocarbons (CFCs) are said to be among the substances destroying the ozone layer. Their production is being phased out, and management regulations have been put into effect in sequences, starting with freon, which is the most destructive of the ozone layer.

The Nichirei Group uses freon as a refrigerant in the cooling facilities at its food plants and logistics centers. Although appropriate equipment management ensures that the refrigerant, which circulates within sealed cooling equipment, does not leak, the Nichirei Group disposes of it as required by law when major equipment repairs are carried out.

Meanwhile, the fact that freon is one of the gases that causes global warming has also become an issue. Since the CO<sub>2</sub> of the energy sources used for cooling equipment are also linked to global warming, the Group is determining the refrigerant it prefers in new equipment based on its energy-saving properties.

During FY17/3, Nichirei Foods installed freezing facilities which use natural refrigerants at its Shiroishi Factory. Part of the cost of installing the new freezing facilities was subsidized under the Ministry of the Environment's CO<sub>2</sub> emission reduction business expense subsidy. Furthermore, the basic policy of the Nichirei Logistics Group is to select natural refrigerants when building new cold storage facilities or when extending existing facilities. It is also promoting a switch from freezing facilities that use CFCs to freezing facilities that use natural refrigerants for all its other existing facilities.

[Use of natural refrigerants \(https://www.nichirei.co.jp/english/csr/environment/action/factory/center.html#02\)](https://www.nichirei.co.jp/english/csr/environment/action/factory/center.html#02)

# Management of Wastewater, Waste Matter, and Chemical Substances

## Basic Philosophy

Established as an environmental initiative, the Nichirei Group's Environmental Policy includes a theme of promoting sustainable recycling. The Group recognizes that corporate business activities have a considerable impact on the natural environment. Emitting pollutants and using chemicals through business activities has an effect on the air and soil, and expanding business activities results in more waste being generated and a greater effect on valuable resources. The Group's business, in particular, relies heavily on natural ecosystems for the procurement of ingredients. Any loss of these ecosystems would be a significant business risk, and in addition, the generation of food waste is a major challenge.

Recognizing the issues outlined above, the Group is making the best use of limited global resources in cooperation with its suppliers, partners companies and consumers, and in addition, through its business activities, is promoting reductions of waste and pollutants as well as the reuse and recycling of resources. The Group is also helping build recycling-oriented social systems by procuring recyclable resources and working to develop associated mechanisms.

Two medium-term environmental targets adopted by the Group are to maintain a waste recycling rate of at least 99% at its food factories and distribution centers, and to reduce residual animal and plant material at its food factories in Japan.

[The Nichirei Group's approach to environmental conservation \(https://www.nichirei.co.jp/english/csr/environment/concept.html\)](https://www.nichirei.co.jp/english/csr/environment/concept.html)

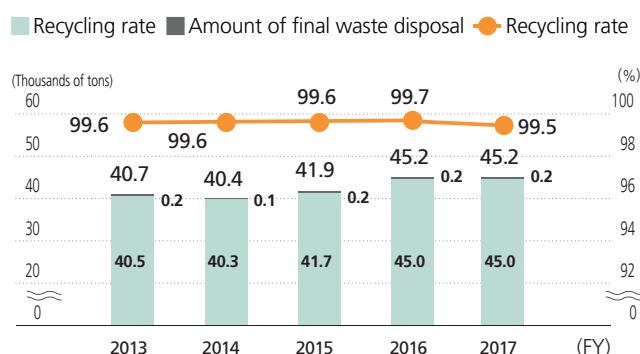
## Management System

[Environmental management system \(https://www.nichirei.co.jp/english/csr/environment/system.html\)](https://www.nichirei.co.jp/english/csr/environment/system.html)

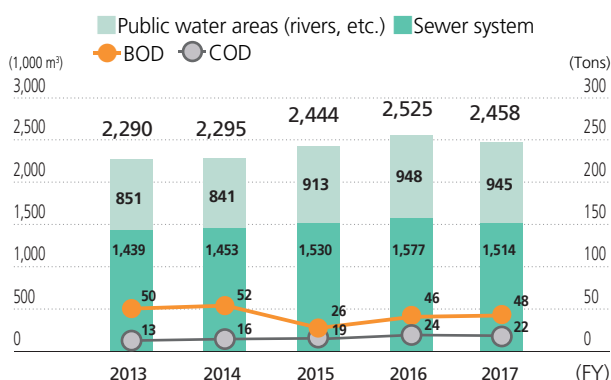
## Initiatives for Fiscal 2017 (FY18/3)

The amount of waste discharged outside worksites in FY18/3 was 45,200 tons, and the recycling rate was 99.5%. Looking at waste destined for final disposal, in some cases, depending on the district, waste paper and other types of waste are simply incinerated at processing plants catering for general, business-based waste. In other cases, depending on the type and volume of waste, recyclers cannot be found. In any case, the Group will work on further reductions, including by controlling the amount of waste produced. During FY18/3, the Group emitted 9 kg of specially controlled industrial waste (such as flammable waste oil, strong acid/strong alkali and other waste classified separately from industrial waste because of hazardous or toxic properties).

### ● Nichirei Group Discharged Waste Discharged Outside Worksites and Recycling Rate



### ● Nichirei Group Wastewater and Drainage Load



## ■ Promoting Integrated Crop-livestock Production

The food residue and chicken guano received from factories and food material production facilities can be recycled as feed and fertilizer to reduce waste and make effective use of resources.

The Nichirei Group, which uses feed and fertilizer recycled from food products to produce food, aims to establish a food cycle involving livestock and humans. At Nichirei Fresh Farm Inc., set up as a poultry farm for the production of purebred domestic Japanese chickens, the Group is collaborating with local residents to build a regional recycling production system using chicken guano.

## ■ Project for Recycling-based Production via *Junwakei* Chickens

At the Hirono facility operated by Nichirei Fresh Farm, *Junwakei* chicken droppings are processed into organic fertilizer, which is used to produce feed stock rice for specialized *Junwakei* chicken feed. Rice for the chicken feed is produced by partner farmers in the towns of Karumai and Hirono in Iwate Prefecture, in cooperation with JA Shiniwate. Much of this rice is grown using rice paddies lying fallow because of rice production adjustments. The recycling-based production cycle of *Junwakei* chickens thus contributes sustainably to regeneration of the local farming industry.

[Project for recycling-based production via \*Junwakei\* chickens \(https://www.nichirei.co.jp/english/csr/environment/action/locality/index.html\)](https://www.nichirei.co.jp/english/csr/environment/action/locality/index.html)



## Fertilizer, Feed Made from Factory Food Residue

To reduce waste generated at our production facilities, Nichirei Foods is undertaking various initiatives. These include production management, initiatives to prevent problems, and the recycling of processing residue, such as raw ingredients not turned into products.

Processing residue is disposed of with in-house treatment machinery at our Funabashi and Shiroishi plants, and recycled for use as fertilizer and feed. Our other factories entrust the processing of residues to recycling companies that turn the leftovers into fertilizer and animal feed. The Group plans to continue reducing the amount of waste generated by setting target values, while making the most effective use of processing what residue is inevitably produced.

## Factory Wastewater Released Only after Having Been Cleaned Using Special Equipment

The water used at food factories becomes wastewater containing food-related organic matter, detergents, and disinfectants. The Nichirei Group cleans its factory wastewater using disposal equipment and only releases it outside the factory once it complies with emissions standards stipulated by law.

## Management of Pollutant Release and Transfer Register (PRTR) Substances

In FY18/3, approximately 1 ton of chlorodifluoromethane (R-22), used as a refrigerant, was released at one of the Nichirei Group's worksites. The Group reported this to the Japanese government since the amount exceeded the annual legal limit of 1 ton, as specified in the Pollutant Release and Transfer Register\*. Since this breach, the Group has been taking more steps to reduce the amount of chemical substances it releases.

\* The laws concerning the Pollutant Release and Transfer Register refer to the collection and publication of data related to the release into the environment of chemicals, from any source, which could possibly adversely affect the lives, growth, or development of humans, animals, or plants.

## Management of PCBs

Polychlorinated biphenyls (PCBs), a group of man-made compounds, were previously used as insulating oil in transformers, but their use was banned in the 1970s, after their toxicity became apparent. In Japan, equipment that has been confirmed to contain PCBs is being appropriately stored in compliance with standards set by law. Currently, disposal is being carried out systematically, based on the capacity of the nation's five government-run PCB disposal plants. Fourteen transformers collected from the Nichirei Group in FY18/3 have been disposed of at one of the government plants.

## Management of Asbestos

The asbestos that was found to have been sprayed on the underside of the roof, and which had the possibility of spreading, was removed and disposed of during an inspection in FY06/3. In addition, when demolishing office buildings that have been closed, the Nichirei Group does another survey and takes legally compliant and appropriate steps to dispose of any building materials containing asbestos.

## Management of Contaminated Soil

In addition to fulfilling the appropriate disclosure requirements when selling, buying, or renting land, the Nichirei Group does evaluations of soil contamination and carries out the appropriate management.

During FY18/3, a soil analysis was conducted at the Funabashi Plant operated by Nichirei Foods. The possibility of soil contamination was assessed as extremely low.

# Initiatives in Products and Services

## Basic Philosophy

Committed to manufacturing and service solutions that are conscious of minimizing environmental impact throughout the entire supply chain, the Nichirei Group will contribute to reducing the environmental impact of society as a whole.

As a food-related corporate group that is greatly affected by climate change, the Group is working on reducing CO<sub>2</sub> emissions in its products.

The Group is also putting effort into controlling its generation of waste and reusing and recycling resources so that the earth's limited resources can be used continuously as much as possible. For bioresources that the Group is unable to use efficiently and economically or is unable to use completely, it is focusing on reusing these bounties of nature in animal feed or fertilizer and returning them to nature.

## Management System

🔗 Environmental management system (<https://www.nichirei.co.jp/english/csr/environment/system.html>)

## Initiatives for Fiscal 2017 (FY18/3)

### ■ Suppression of Methane Gas Emissions by Cattle (Nichirei Fresh)

🔗 Suppression of Methane Gas Emissions by Cattle (Nichirei Fresh)  
(<https://www.nichirei.co.jp/english/csr/environment/action/locality/index.html>)

### ■ Reevaluating Packaging and Containers

Nichirei Foods has been able to reduce waste by reevaluating its packaging and containers. With some products, doing away with trays ultimately made it easier to store the product. This consequently led to both a reduction in petroleum-derived plastic materials and a reduction in CO<sub>2</sub> emissions during manufacturing.

Nichirei Foods has also exercised ingenuity in merchandising, for instance, shortening both ends of packaging while maintaining its strength has led to a reduction in the use of plastic materials, and dispensing with the aluminum coating on the inside of packaging has made it easier to recycle.



Ultrasonic sealing of plastic film packaging

- 🔗 Some sales proceeds support forest preservation  
(<https://www.nichirei.co.jp/english/csr/environment/action/sales/index.html>)
- 🔗 Reducing waste by reevaluating containers, packaging  
(<https://www.nichirei.co.jp/english/csr/environment/action/sales/index.html>)
- 🔗 Forest of Life Project (<https://www.nichirei.co.jp/english/csr/environment/action/locality/index.html#project01>)



# Processing Environmental Complaints

## Basic Philosophy

Based on the management principle below, each Nichirei Group company communicates with local business stakeholders, and strives to deal appropriately with any environment-related complaints that are ascribable to the company.

### Excerpt from Management Principles: Society

The Group engages with local communities as a corporate citizen, and aims to contribute to the development of society through its business activities. As part of its role, the Group provides ongoing assistance for people with disabilities, as well as participates in, and supports, cultural activities, and other community events.

## Management System

The Group accepts a range of inquiries via telephone, letter, and online points of contact.

 Inquiries (<https://www.nichirei.co.jp/english/inquire/>)

In addition to covering areas such as organizational management and business processing, Nichirei's Corporate Internal Audit Division also performs Group management audits on compliance with environment-related law and important environmental protection matters. During an audit, circumstances surrounding the worksite and relationships with neighbors are also checked. Complaints, opinions, and inquiries directed to each worksite, as well as details of the response taken are shared and reviewed within their respective operating companies.

# Consumer-related Issues

## Basic Philosophy

The Nichirei Group strives to create new value for customers through its business activities and help communities solve the issues they face.

As a company engaged in food-related businesses, Nichirei aims to contribute to people's health through improving access to better nutrition and a number of other initiatives. For example, Nichirei Foods develops and sells wellness products that promote health as well as organic frozen vegetables, and Nichirei Fresh places emphasis on the feed and livestock environment for the meat it sells. In addition, Nichirei Biosciences provides the public with academic and technical information related to immunostaining and has made it available to health professionals through an information website, allowing it to contribute to a healthy society through its businesses.

## Initiatives for Fiscal 2017 (FY18/3)

### ■ Initiatives That Promote Health

#### Nichirei Foods' Initiatives

Nichirei Foods does not only pursue great taste, but also sells health management foods through its official online shop that carefully monitor the intake amount of calories, sugar, salt, fat, protein, and so on for those who are on diets, trying to control their caloric intake, or affected by diabetes. It is working on modifying its website with guidance from national registered dietitians so that customers are able to choose menu items according to their health needs.

In addition, it is selling organic frozen health products as part of the *Genkibatake-no-Organic* series that use organic ingredients raised on farms without the use of chemically synthesized pesticides or fertilizer.

#### Initiatives at Nichirei Fresh

At Nichirei Fresh, emphasis is placed on the feed and livestock environment in meat production. With most chickens that are reared for meat, antibiotics, synthetic antibacterial agents, and other chemicals are used to treat illnesses as well as to prevent disease in factory farm conditions and promote growth. However, with Nichirei Fresh's *FA Chicken*, while vaccines are used, no antibiotics or synthetic antibacterial agents are used at all throughout the entirety of the rearing process. To pay attention to the rearing environment and boost the chickens' natural immunity and raise their resistance to disease, a feeding method is employed that utilizes lactic acid bacteria and other attenuated vaccines and plant-based natural medicines (such as traditional Chinese medicine).

In addition, to address the issue of people not getting sufficient omega-3 fatty acids from current dietary habits, Nichirei Fresh developed the *Omega Balance* meat series using special feed and original rearing methods to allow a higher intake of omega-3 fatty acids than typical meat.

Nichirei Fresh places emphasis on its feed and livestock rearing methods, and it strives to help make the livestock industry better for people, the animals, and the environment.

#### Nichirei Biosciences' Initiatives

At Nichirei Biosciences, an information website is managed under the supervision of doctors with the objective of providing the latest immunostaining-related information to those engaged in pathological examinations at hospitals and such, as well as those at universities and research institutions involved in pathological research for basic and clinical medicine.

 Men-eki Senshoku Tamatebako (Immunostaining) (<https://www.nichirei.co.jp/bio/tamatebako/index.html>) (Only available in Japanese)

### ■ Response to Food Allergies

There are 27 foods listed as allergy triggers in Japan. Of these, the Consumer Affairs Agency requires that seven (shrimp, crab, wheat, buckwheat, eggs, milk, peanuts) be displayed on packaging due to the frequency and seriousness of the allergic reactions they cause.

The Nichirei Group both checks the raw ingredients it uses and assesses the likelihood of contamination during manufacture in order to accurately identify the food allergens on packaging, in compliance with the nation's food labeling laws. The Group has made every effort to itemize the food allergens contained in frozen foods for home use that are handled by Nichirei Foods.

 Product Responsibility (<https://www.nichirei.co.jp/english/csr/report/pdf/csr2018.pdf>)

# Product Responsibility

## Basic Philosophy

The Nichirei Group has put in place a fundamental policy for quality assurance, based on the Group's business management philosophy. Its goals are to ensure the quality and safety of all the Nichirei Group's products and services—so that they will not be hazardous to the health of its consumers—as well as to maintain and improve the standards of quality management, quality assurance, and customer satisfaction.

### Fundamental Policies on Quality Assurance

1. Compliance with the requirements of laws governing food products.
2. Recognizing the needs of customers and partners regarding food safety and security, and working to better the Group's quality management and assurance.
3. Applying the concepts of food defense, safety and crisis management, to prevent Group products from threatening the health of customers.

 Fundamental Policies on Quality Assurance (<https://www.nichirei.co.jp/english/safety/concept/>)

## The Reasoning behind the Nichirei Group Displaying Quality Assurance on Product Packaging

Providing appropriate information to customers is essential to making them feel at ease, just like sincerely listening to their concerns.

Simply meeting the standards set by the food labeling laws is not enough to convey the true flavor that the Nichirei Group most wants to evoke.

The Nichirei Group put its heart into conveying the delicious taste of its products, while also accurately passing along the information that customers need in an easy to understand manner.

Nichirei Foods employs various packaging strategies to help customers choose us from among the countless other brands of frozen food. In general, the following way of thinking is applied to all product packaging that receives the N mark.

### The Reasoning behind Adding the N Mark to Packaging

#### 1. Safety information clearly given

The Nichirei Group provides allergen-related and nutritional information, in compliance with the standards prescribed by all labeling laws. It also uses easy to understand diagrams and illustrations to convey important information concerning the cooking of its products.

#### 2. Product origination

Customers each have their own criteria for choosing a product. The Nichirei Group uses easy to understand diagrams and drawings, and 2D bar codes used for mobile marketing to provide essential customer information, including where an item and its ingredients were produced, and how it should be prepared for serving.

#### 3. Making products look appetizing

The Nichirei Group consults designers about how packaging can best convey a product's flavor.

#### 4. Contact information for customer inquiries

The Nichirei Group displays contact information for collecting various types of information from customers.

#### 5. Meeting industry standards

In addition to accreditation marks, the Nichirei Group displays the information required for packaging to be sorted for appropriate disposal or recycling.

## Management System

### The Nichirei Group Quality Assurance System

#### The Nichirei Group Quality Assurance System Diagram

##### Nichirei Corporation



##### The Nichirei Group Quality Control Regulation-based Quality Assurance

- Establishment of the **Nichirei Group Quality Control Regulations**
- Discuss the policies and direction of the Group Quality Assurance and report to the Board of Directors.  
**Chairman** Representative Director and President  
**Committee** Related executives, related department chiefs

- Regarding operating companies' products and services, abide by the **Nichirei Group Quality Control Regulations**, and carry out internal auditing and monitoring inspections to confirm the effectiveness of the management system.
- Plan and draft the policies and direction of the Group Quality Assurance and submit a proposal to the Group Quality Assurance Committee.

##### Operating Company

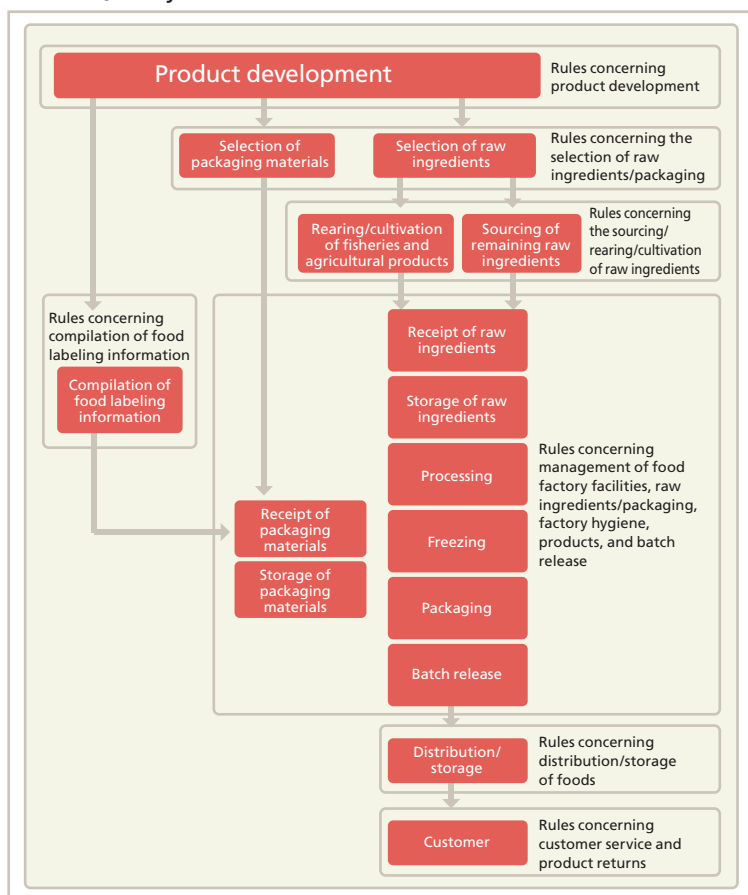


##### Operating Company Quality Control Regulation-based Quality Assurance

- Establishment of **Quality Control Regulations for each operating company**
- Discuss the direction, measures, and so on related to the Quality Assurance for each operating company and report to the Board of Directors.  
**Chairman** Each operating company's Representative Director and President  
**Committee** Each operating company's related executives, related department chiefs

- Regarding products and services, **abide by the operating company's Quality Control Regulations** and implement quality control.
- Plan and draft the policies and direction related to the Quality Assurance of each operating company and submit a proposal to the Quality Assurance Committee.

### Product Quality Assurance



The Nichirei Group offers a variety of products and services. Each operating company has established rules and standards based on the characteristics of the products and services it provides.

The establishment of these rules and standards is based on the hazard analysis and critical control points (HACCP) system. The Nichirei Group's systematic preventative approach to food safety emphasizes the biological, chemical, and physical hazards in production processes and the need for a quality management system. This philosophy generally applies to all food products, and initiatives proceed according to its rules.

The Nichirei Group is working to increase the degree of food safety that it can ensure, through initiatives designed to protect food from intentional tainting that cannot be avoided using food safety initiatives, and crisis management initiatives, which allow accurate information to be revealed quickly in the event of an accident/incident leading to health hazards. It is also working to increase the degree of food safety that it can ensure, and expand its risk communication abilities during emergencies.

## Service Quality Assurance

Nichirei Logistics Group's new logistics center is outfitted with the most cutting-edge equipment, including advanced security functionality and a seismic isolation structure. In addition, in regard to quality, traceability functionality, inventory management functionality, and more along with temperature control that combines the Group's know-how and technology have allowed it to realize advanced logistics quality. When it comes to a logistics network, the approximately 4,000 trucks, including the Nichirei Group's own, that provide transportation and delivery all over the country every day, are the backbone of its logistics network, and collaborations with freight companies are essential. For this reason, the Nichirei Group established a cooperative organization with the freight companies and pursues initiatives such as driver contests and a system of training and awards to improve safety and quality, thereby establishing a close collaborative relationship.

### Certification Status

Certification	Operating Company	Rate of Certification (number of businesses with certification/number of consolidated subsidiary business establishments in Japan (food factories, logistics centers, etc.))
HACCP* <sup>1</sup> (food sanitation control system)	Nichirei Foods Nichirei Fresh	13/15 6/7* <sup>5</sup>
ISO 9001 (Quality Management System)	Nichirei Foods Nichirei Fresh Nichirei Logistics Group	13/15 8/8 105/112
FSSC 22000* <sup>2</sup> , ISO 22000* <sup>3</sup> , SQF* <sup>4</sup> (food safety management system)	Nichirei Foods Nichirei Fresh Nichirei Logistics Group	13/15 6/8 2/112
ISO 14001 (Environmental Management System)	Nichirei Foods	11/15
ISO 13485 (Medical Devices/In Vitro Diagnostic Drugs)	Nichirei Biosciences	2/2

(As of September 30, 2018)

\*1 HACCP: Developed in the United States during the 1960s for the aerospace industry, the HACCP system is an international management method for food production that aims to prevent hazards during the manufacturing process by analyzing hazards and establishing important control points.

\*2 FSSC 22000: An international management system related to food safety that is based on ISO 22000.

\*3 ISO 22000: An international standard related to food safety management systems for reducing food safety risks that is based on the HACCP food sanitation control techniques.

\*4 SQF (Safe Quality Food) certification provides assurance that the product being purchased meets strict international food safety and quality standards such as HACCP. In countries outside of Europe, it is the only program recognized by the Global Food Safety Initiative (GFSI).

\*5 Target business establishments excluding Nichirei Fresh Farm

• Target business establishments: Consolidated subsidiary business establishments in Japan (food factories, logistics centers, etc.)

[Table of Contents/Editorial Policy > Target Business Establishments \(https://www.nichirei.co.jp/english/csr/report/pdf/csr2018.pdf\)](https://www.nichirei.co.jp/english/csr/report/pdf/csr2018.pdf)

### Food Defense Initiatives

Since the Nichirei Group believes that the best way to protect food is by controlling people, it emphasizes people management. It values communication between people, and in addition to restricting access to areas where food is handled to authorized individuals, the Nichirei Group has made it possible to determine the when, who, and where of such individuals at all times. It has created a system to protect its food that is based on the distinctive characteristics of each product, and which allows follow-up investigations to be conducted should problems arise. The Nichirei Group is enhancing its face recognition system and other security measures at its logistics facilities as well.

### Food Crisis Management Initiatives

The Nichirei Group has put in place a response system for use in the event that there is an incident or accident, involving the food it provides, that might lead to health hazards. The system is designed to confirm quickly the facts, should an incident lead to health hazards; to determine how best to respond to company and outside individuals and the media; to investigate the cause of the incident so that a recurrence might be prevented; and to speedily release relevant information.

### Establishment of Quality Control Regulations

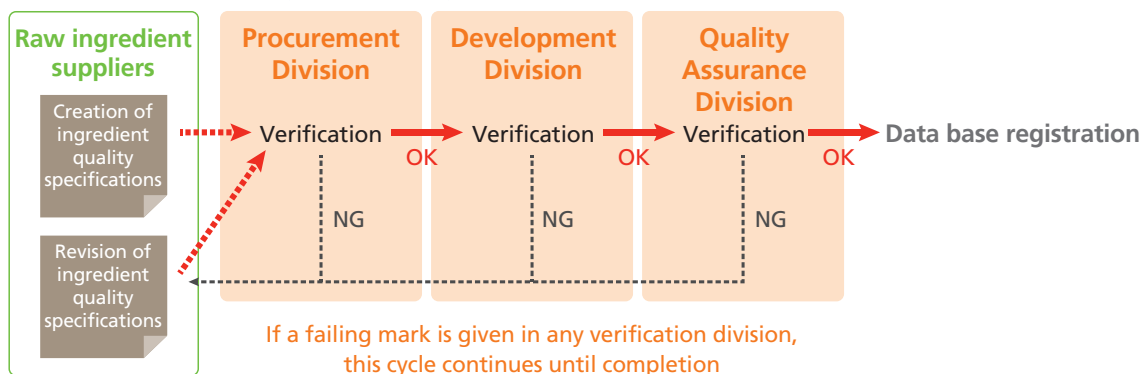
Nichirei Corporation's Quality Assurance Division has established rules and standards for quality control and quality assurance and performs internal audits and monitoring inspections based on quality management standards to ensure that the Group's quality management system is functioning effectively.

Each operating company's Quality Assurance Division performs quality inspections of its own products and services and reports and shares its implementation status with the Quality Assurance Committee and the Group Quality Assurance Committee, which assists with the further revision and enhancement of its quality assurance system.

## Management of Raw Ingredients

Nichirei Foods researches the materials comprising the raw ingredients in three stages, and manages the distribution percentages, quality/microbial specifications, manufacturing process, and allergens contained. Raw ingredient suppliers are required to submit information on each ingredient in the form of ingredient quality specifications. This is placed in its database and used as the basis for nutritional information and to answer customer questions. When the Nichirei Group uses a new raw ingredient, it first evaluates the production facilities, confirms the ingredient quality, and checks samples. An overall assessment follows and, even after an ingredient has been approved for use, the Group continues to do factory evaluations, inspections, and factory improvements, to further enhance the ingredient. By checking the quality of an ingredient when it takes delivery, the Nichirei Group is able to verify the effect of its factory evaluations and inspections.

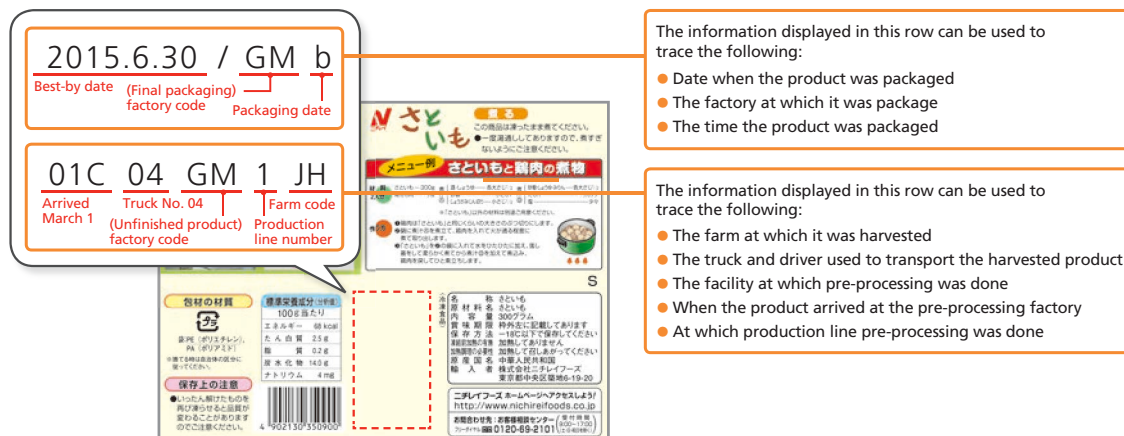
### The Evaluation Flow for Ingredient Quality Specifications



### Trace-back System (narrow down production site of frozen vegetables from trace code on product packaging)

#### What the Trace Code Tells You

The trace code allows one to trace a product back to the place of cultivation, as indicated in the diagram below. Trace codes on Nichirei Foods' frozen vegetables allow the cultivation management and production conditions in the factory to be traced. Nichirei Foods is using the trace codes to conduct ongoing improvements based on its discussions with local producers, in order to better respond to customers' needs.



### Cultivation Management

The farms, in China and Thailand, where frozen vegetables are produced for Nichirei Foods have been selected based on their ability to meet Nichirei Foods' environmental standards (in terms of soil, water quality, etc.) and agro-chemical management requirements. A farm advisor, from the Group's frozen vegetable production facilities, is regularly sent to these farms to do on-the-spot checks of cultivation conditions and confirm that they are being adequately managed.

### Production Management

Nichirei Foods provides quality-management guidance for the contract factories that produce its frozen vegetables. Records are kept detailing the importation, selection, cleansing, processing, freezing, packaging, inspection, and shipping of the vegetables cultivated. In addition, the Nichirei Group makes sure with local inspection agencies that there are no problems regarding residual agrochemicals during pre-processing. During shipping it also checks that there are no problems with the production facility inspection divisions that have received technical training from Nichirei. Furthermore, the Nichirei Food Safety Center systematically inspects the hygiene and residual agrochemicals of domestic produce and certifies their safety at the same time as confirming the proper functioning of the local systems.



## Initiatives for Fiscal 2017 (FY18/3)

### Initiatives for Communication with Customers

Besides providing products with reliable quality, providing relevant information to customers is Nichirei Foods' top priority. Nichirei Foods has eliminated excessive advertising on its packaging and works to provide relevant information.

In addition, through the activities of its Customer Support Center, the Nichirei Group uses its customers' opinions to provide feedback to work sites and improve quality.

#### Adding the N Mark to Packaging

A lot of information is concentrated on packaging. The information in the all-in-one displays on the side or back of packaging cannot afford to be mistaken, and thus undergoes stringent double-checking to ensure that all relevant legal stipulations are met. The name and place of origin of raw ingredients used in products are identified on the packaging, based on the information provided by the producers. Further, since the best-by date and lot number are displayed, it is possible to look up when and where a product was made, and which ingredients were used. Given the Group's belief that a customer's ability to communicate with it is of paramount importance, packaging clearly displays a toll free number for enquiries.

Text is written using an easily legible universal font and color universal design, a system developed for people with various types of color vision. This it complements with icons and illustrations.

Icon

Displayed with intuitive illustrations

The Japan Frozen Food Association accreditation mark

Back side

Cooking methods

Nutritional information

Information identifying packaging materials

保存上の注意  
いったん解けたものを再び凍らせると品質が変わることがあります。ご注意ください。  
-18℃以下で保存してください。

栄養成分表示 1個当たり(22g)  
エネルギー: 42kcal | たん白質: 2.6g | 脂質: 2.4g | 炭水化物: 2.5g | ナトリウム: 118mg  
(含有相当量 0.3g)

外装: PP(ポリプロピレン) | トレイ: PP(ポリプロピレン)  
※捨てる時は自治体の区分に従ってください。

認定証

注意事項  
オート自動不可  
オート自動不可  
やけど注意

電子レンジ  
①凍ったままトレイを切りはしします。  
中央に置かないでください。  
ターゲッ以外のレンジの場合は中央に置いてください。  
②ラップをかけず温めてください。  
調理時間  
機種により多少異なります  
1個 2個 4個  
500w 40秒 1分 1分30秒  
600w 40秒 50秒 1分20秒  
●加熱ムラを防ぐため500Wまたは600Wでの調理をおすすめします。  
●冷たい場合は10秒間ずつ追加加熱してください。  
●温めすぎは調理不良の原因になります。

フライパン  
①温めたフライパンに油をひき、凍ったままの商品を入れます。  
②ふたをして弱火で焼いてください。  
表と裏 約3分ずつ (調理時間は目安です)  
●加熱しすぎは調理不良の原因になります。

アレルギー物質 (27品目)  
小麦 卵 乳成分 牛肉 大豆 豚肉

森にGood!  
売上の一部で日本の森を守ります。  
詳しくは下記のホームページへ

お客様相談センター  
0120-69-2101  
受付時間 9:00~17:00 (土日・祝日を除く)  
原料原産地情報や商品情報はこちらから! <http://www.nichireifoods.co.jp>

2D bar-code

All-in-one display  
A summary of all the information (raw ingredients, quantity, etc.) necessary for product selection

Name of production facility  
Allergy information is conveyed in intuitively understandable illustrations

Toll free number for enquiries

In order to better provide the information customers want, a 2D bar-code can be found on the packaging that allows customers to check the origins of the raw ingredients and other product information, as well as the production facilities on the Group's mobile site.

Part of the proceeds from sales of the Good for Lunches! line goes toward supporting forest preservation-related activities.

## ● Main Laws Concerning Packaging Information

All-in-one display	Food Labeling Act, Measurement Law
Allergy information	Food Labeling Act
Nutritional information	Food Labeling Act
Information identifying packaging materials	Container Recycling Law, laws related to promoting the effective use of resources
Product marketing information	Act against Unjustifiable Premiums and Misleading Representations, prefectural regulations

In order to ensure the accuracy of information related to product safety and selection, the Nichirei Group conducts a number of checks between the time that information displays are created and products are shipped. It also checks to make sure that nothing on the packaging can cause misunderstanding. It is implementing display checks with these two points in mind in its examinations as well, and only those products that pass can be manufactured.

### Verification before the N Mark Is Added to Packaging

#### Creation







- First charts with detailed breakdowns and distribution percentages, based on the specifications of the raw ingredients and the recipes are created.
- Next, the information to be displayed on the packaging is decided.
- The checklist is based on legal requirements, industry guidelines, and facts the Nichirei Group has established independently (product highlights, cooking methods).
- Values derived from nutritional information (for home-use products) are also used.

Nutritional facts label				
Per unit (22g)				
Energy	Protein	Fat	Carbohydrates	Sodium
42 Kcal	2.6 g	2.4 g	2.5 g	118 mg

(Equivalent to 0.3 g of table salt)

#### Verification

- The information displayed is correct, based on distribution.
- The information displayed meets legal, policy, and in-house standards.
- Information about allergies, which can threaten health, is sufficient and correct.
- The Customer Support Center endorses the packaging of home-use products.

Allergens					
(from among 27 items)					
 Wheat	 Egg	 Milk components	 Beef	 Soy	 Pork

### Inspections

- The Nichirei Group checks the label contents for product packaging that receives the N mark. It performs thorough checks of labels that are regulated by law, including allergen displays and other content directly related to health hazards.
- The Nichirei Group checks all the information from a customer's perspective, to ensure that there will be no misunderstanding. In particular, it carefully checks sales pitches and other information with a bearing on product purchases to ensure there are no exaggerations or false statements.



Display verification



### Verification at the Factory: After Packaging and before Shipping

#### Factory

- The packaging film and boxes are checked to ensure they are as stipulated.
- Accuracy of the information printed at the factory (the best-by date, lot number, trace-back code) and printing quality (faint, smeared) are checked.
- Factory packaging is double- and triple-checked before shipping.



Printing, data checks

### Conveying Accurate Product Information

In order to obtain information about raw ingredients, the Nichirei Group requires suppliers to provide detailed specifications. But, before using these as a resource for product packaging, it runs tests to confirm they are correct. Such scrutiny of information, as is relevant to highly processed ingredients, can require several months. In addition, it adapts to changes in laws related to food product labeling as they arise.

- Examples of information on product ingredients and product areas, allergen displays ([https://www.nichireifoods.co.jp/product/detail/sho\\_id33/](https://www.nichireifoods.co.jp/product/detail/sho_id33/)) (Only available in Japanese)
- Food Safety Center Initiatives (<https://www.nichirei.co.jp/english/safety/action/system.html>)
- The initiatives of the Nichirei Foods Customer Support Center (<https://www.nichirei.co.jp/english/safety/concept/foods.html>)

Nichirei Foods is making various efforts to make product packaging easier to see and understand. Its efforts to make packaging that increases visibility for everyone, including the elderly and colorblind, is one part of these efforts.

- Universal Design Initiative ([https://www.nichirei.co.jp/csr/report/2012/comm/comm\\_01.html](https://www.nichirei.co.jp/csr/report/2012/comm/comm_01.html)) (Only available in Japanese)

### ■ Reports Related to Advertisements/Publicity and Labeling

No laws were violated in the advertisements/publicity and labeling related to products and services.

## Food Safety Center Initiatives

The Nichirei Quality Assurance Divisions Food Safety Center is the Group's inspection and analysis arm. It verifies that the appropriate quality assurance activities are being undertaken at operating companies. Inspectors mostly check for residual agricultural chemicals in frozen vegetables, and for veterinary drugs (such as antibiotics and synthetic antimicrobial drugs) in marine/livestock products and their processed derivatives.

Nichirei provides operating companies with feedback even if detected elements are within legally acceptable limits. This enables the companies to assess whether appropriate steps are being taken to manage the use of agrochemicals and drugs at sites, to discover the causes, and to prevent them from exceeding acceptable levels.

In addition, it checks for agrochemicals and veterinary drugs in over 400 items, and for radioactive substances, the Group monitors the products and raw ingredients it handles using an NaI (TI) scintillation spectrometer.




## Quality Assurance Audits

Nichirei Foods performed quality audits at 31 business establishments in FY18/3. The control and management category contained eight items and 218 checkpoints, and the facility and hygiene category contained nine items and 307 checkpoints. If an issue was discovered, instructions for improvement were given.

In addition, starting from April 2018, the entire Group's quality assurance system changed. Nichirei Corporation's Quality Assurance Division has established rules and standards for quality control and quality assurance, and it performs quality management reviews to ensure that operating companies' quality management system is functioning properly. Operating companies have changed the roles so that they abide by their own regulations and handle factory and product inspections in an effort to achieve more efficient quality assurance.

## Health Initiatives

As a company engaged in food-related businesses, the Nichirei Group believes that access to better nutrition is a very important part of people's health. Nichirei Foods develops and sells wellness products that promote health. In addition, Nichirei Biosciences provides the public with academic and technical information related to immunostaining and has made it available to health professionals through an information website, allowing it to contribute to a healthy society through its businesses.

-  Issues surrounding food safety and security (<https://www.nichirei.co.jp/english/safety/subject.html>)
-  Nichirei Foods Wellness Food Product Development/Sales (<https://wellness.nichirei.co.jp/shop/default.aspx>) (Only available in Japanese)
-  Providing an information site to health professionals (Nichirei Biosciences) (<https://www.nichirei.co.jp/csr/report/2014/safety/005.html>) (Only available in Japanese)

## Collaboration with Industry Organizations, etc.

The Nichirei Group actively participates in industry group activities and contributes to helping communities improve and solve the issues they face through proposals and recommendations/encouragement.

Nichirei and Nichirei Foods are official members of the Japan Frozen Food Association, both Nichirei Logistics Group and its main subsidiaries are members of the Japan Association of Refrigerated Warehouses, and Nichirei is a member of the Japan Food Industry Association.

-  Industry Organizations (<https://www.nichirei.co.jp/english/corpo/compliance.html>)

## The Initiatives of the Nichirei Foods Customer Support Center

### Initiatives for Quality Improvement

The Nichirei Foods Customer Support Center aims to improve customer satisfaction and corporate value through quickly and appropriately responding to the opinions and reports of customers. In addition, Nichirei aims to provide accurate product information and a brand that is both safe and reliable.

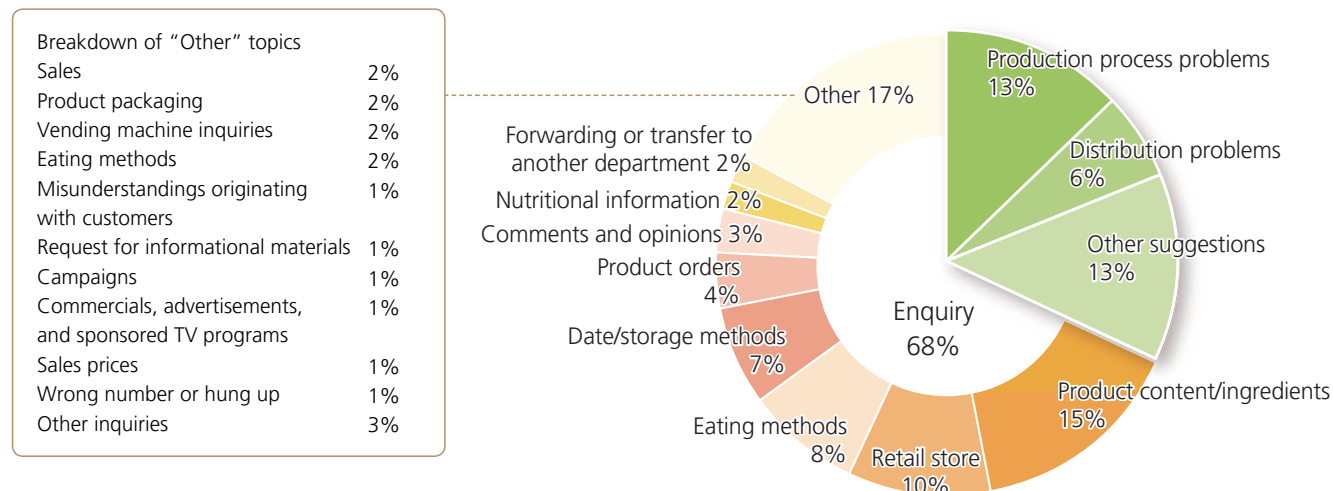
### Customer Satisfaction Surveys

In order to improve customer service, the Customer Support Center runs customer satisfaction (CS) surveys.

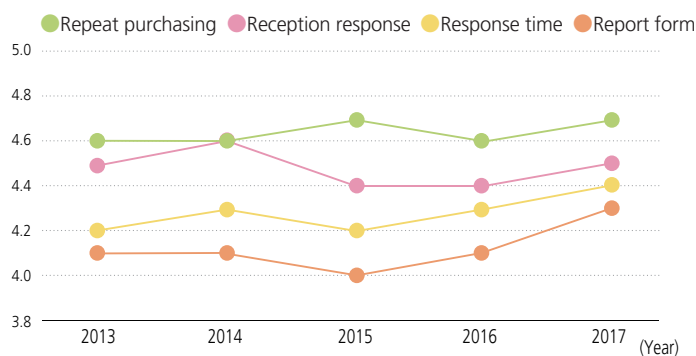
When customers make a suggestion about a product, Nichirei sends them a report form and a survey postcard, both of which it has them return.

The survey uses a five-point scale to evaluate four areas: initial impression contacted by telephone (reception response); items noted by the respondent (on the report form); time taken to submit report (response time); and future purchasing intentions (repeat purchase). Space is also provided for customers to include additional comments. The aggregate results are used to improve Customer Support Center services. Efforts on this direction are ongoing.

### Breakdown of Customer Interactions in 2017



### Evaluation of Customer Satisfaction Reception Response



### Product Recall Information

These are the product recalls that have occurred in the past five years.

Date	Target
July 27, 2014	Retort curry <i>Shinjuku Curry Beef</i> ( <a href="https://www.nichirei.co.jp/news/pdf/140727.pdf">https://www.nichirei.co.jp/news/pdf/140727.pdf</a> ) (Only available in Japanese)
May 11, 2016	Frozen vegetables produced in America ( <a href="https://www.nichirei.co.jp/news/pdf/20160511.pdf">https://www.nichirei.co.jp/news/pdf/20160511.pdf</a> ) (Only available in Japanese)

### Protection of Personal Information

In FY18/3, there were no issues related to the leaking of personal information, etc.

### Staff Training for Quality Improvement

The following training was carried out for FY18/3.

Training	Description	Number of People	Hours
Third-year employee technical training session	Smooth communication, control of production line sanitation	34 people	14 hours
Leader candidate training	Management demonstration on educating young employees and accomplishing tasks	22 people	28 hours
M1 leader training	How to discover and resolve one's own issues with management skills, feedback exercise on objectives management evaluations	139 people	14.5 hours
Training for obtaining FSSC 22000 certification	Explanation of the items for the FSSC 22000 standard, cultivation of internal auditors, how to create HACCP-related documentation	140 people	46 hours

In FY19/3, in addition to the above training, technical training will be expanded to second-year employees as well and training conducted for line leader candidates and production factory leaders. In addition, for FSSC 22000, training for establishing the system will be conducted.

# Supply Chain Management

## Basic Philosophy

The Nichirei Group's Nichirei Pledge defines the philosophy behind the CSR initiatives that the Group believes it should pursue. However, it cannot make the essence of its philosophy a reality with the Group's efforts alone.

The Group believes that it is essential for a company to forge an appropriate relationship with stakeholders to make appropriate contributions to society through the life cycle of its business activities. In particular, because Group businesses harvest raw materials from natural ecosystems, the Group is aware that it may have an impact on the communities in its production site. For this reason, from a long-term perspective, the Group will forge appropriate relationships with its suppliers and partner companies and is aiming to contribute to the vitality and development of communities through its businesses.

In order to build a sustainable supply chain, the Group has established the Nichirei Group Sustainable Supply Chain Policy. The Group procures products and services in accordance with the following Policy and asks suppliers to assent to and comply with this policy.

### Nichirei Group Sustainable Supply Chain Policy

The Nichirei Group is committed in working to maintain a sustainable supply chain. The Group procures products and services in accordance with the following policy and asks suppliers to assent to and comply with this policy.

Legal compliance:	We comply with the laws and social norms of each country and region where we operate.
Fair business practices:	We employ fair, transparent, and impartial business practices.
Human rights:	We respect human rights and provide safe, healthy work environments.
Environment:	We strive to reduce environmental impact and consider the health of the global environment.
Product quality and safety:	We work hard to deliver safe, high-quality products and services.
Information management:	We manage information properly and disclose information related to our business activities in a timely, appropriate manner.
Local communities:	We seek to build close cooperative relationships with local communities, as a good corporate citizen.

 Nichirei Group Sustainable Supply Chain Policy (English version) (<https://www.nichirei.co.jp/english/csr/supplychain/index.html>)

## Management System

The Group is aware that it may have various impacts on society and the environment, including in its supply chain, through its domestic and international business activities, so it wishes to forge an appropriate relationship with stakeholders from a social and environmental perspective as well. In April 2017, the Group declared "maintaining a sustainable supply chain" as one of the important items in the Nichirei Pledge of its Basic CSR Policy, and as the foundation for progress on this front, it established the Nichirei Group Sustainable Supply Chain Policy. The Nichirei Group will cooperate with its suppliers and promote initiatives based on this Policy.

At its operating company Nichirei Foods, in terms of business activities that take CSR into account, suppliers and partner companies perform a self-check of the essential items concerning social responsibility related to procurement, and dialogue about the contents of the check sheet occurs during factory quality audits.

### CSR Management Discussion Meetings

The Group has been holding "CSR Management discussion meetings" since FY17/3 primarily to offer an opportunity for discussion on business activities that contribute to social responsibility, what group communication should be like, and building trust with society. This discussion consists mainly of the members of the holding company's CSR Management promotion project and the Strategic Planning Divisions and Management Divisions of the Group's four core companies. These meetings were held 12 times in FY18/3, and there were discussions about initiatives related to maintaining a sustainable supply chain, as well as an examination of the Group companies' environmental and social issues. The Group will continue to hold these meetings and promote CSR management.

### Participation in Human Rights Program

As an external activity related to human rights, the Nichirei Group is participating in the Stakeholder Engagement Program operated by the Japan CSR Consortium, for which the Caux Round Table operates a bureau.

 Promoting respect for human rights across the supply chain (<https://www.nichirei.co.jp/english/corpo/humanrights.html>)



## ■ Membership in the RSPO

Palm oil, obtainable from the fruit of the oil palm, is used as a raw ingredient in edible oils, soap, detergent, and various other products. Last year, progress was made with a large-scale development of oil palm plantations, and the deforestation of the tropical rainforest, CO<sub>2</sub> emissions from peatlands, and other environmental issues, along with forced labor and child labor on the plantations, have become global issues.

In August 2018, the Nichirei Group became a member of the RSPO (Roundtable on Sustainable Palm Oil), a non-profit organization that promotes the sustainable production and usage of palm oil. The Group is making efforts to use sustainable palm oil in its products.

## Initiatives for Fiscal 2017 (FY18/3)

The Group is undertaking various supply chain management initiatives related to its business activities. For details on Group efforts, see below.

 Sustainable Supply Chain Policy (<https://www.nichirei.co.jp/english/csr/supplychain/index.html>)

## ■ ASC/MSC-certified Products

As of June 2018, Nichirei Fresh has two types of marine products that have obtained ASC certification\*<sup>1</sup> and 16 types of marine products that have obtained MSC certification\*<sup>2</sup>. In FY18/3, Nichirei Fresh developed herring roe *Kazunoko Matsumae-Zuke* and herring roe *Kazunoko Wasabi-Zuke* made with MSC-certified Pacific herring (roe) with a business partner that has obtained CoC certification\*<sup>3</sup>. Going forward, the Group will continue making efforts to keep its marine products sustainable, and will continue to grow the number of ASC-certified and MSC-certified marine products.

\*1 ASC certification: Marine products certified by the ASC (Aquaculture Stewardship Council) as having been cultivated in a sustainable manner

\*2 MSC certification: Natural marine products certified by the MSC (Marine Stewardship Council) as having been cultivated in a sustainable manner

\*3 CoC certification: Certification of the management of the processing and distribution processes

### ● Nichirei Fresh Products That Have Obtained ASC/MSC Certification (as of June 2018)

Certification	Number Certified
ASC Certification Registry Number ASC-C-01632	Two types (Black tiger shrimp, Whiteleg shrimp)
MSC Certification Registry Number MSC-C-52165	16 types Salmon varieties (pink salmon, king salmon, coho salmon, chum salmon, sockeye salmon), Walleye pollack, Pacific cod, Flatfish varieties (Kamchatka flounder, yellowfin sole, dusky sole, white flounder), Scallops, Herring, Capelins, Snow crabs, Arctic surf clams

## ■ Supplier Surveys

In FY18/3, the Group shared the Nichirei Group Sustainable Supply Chain Policy with its primary suppliers in an effort to grasp what is happening throughout the supply chain. In FY18/3, Nichirei Foods and Nichirei Fresh administered a survey in the form of a questionnaire directed at its essential suppliers both in Japan and overseas.

In FY19/3, the Group will analyze the results of this survey and consider future steps.

# Human Rights Initiatives

## Basic Philosophy

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The Nichirei Group believes that respecting the human rights not only of the Group's employees, but also all stakeholders involved in its businesses, including supply chains, is significant and absolutely essential.

In order to build a sustainable supply chain, the Group established the Nichirei Group Sustainable Supply Chain Policy in April 2017. The Group procures products and services in accordance with the following Policy and asks suppliers to assent to and comply with this policy. In one of the items, where it is stated that that "the Nichirei Group respects human rights and provides safe, healthy work environments," sexual harassment, child labor, and discrimination against women and people with disabilities is forbidden.

 Code of Conduct (<https://www.nichirei.co.jp/english/corpo/compliance/regulation.html>)

 Nichirei Group Sustainable Supply Chain Policy (<https://www.nichirei.co.jp/english/csr/supplychain/index.html>)

## Management System

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In the Group's endeavors to respect human rights in its business activities, the Group is aware that it may have various impacts on society and the environment, including in its supply chain, through its domestic and international business activities, so it wishes to forge an appropriate relationship with stakeholders from a social and environmental perspective as well. In 2018, the Group began performing due diligence with regard to human rights and has been engaged in many discussions both internally and externally to establish a human rights policy.

In addition, as one of Nichirei's external activities related to human rights, the Group is participating in the Stakeholder Engagement Program operated by the Japan CSR Consortium, for which the Caux Round Table operates a bureau.

## Initiatives for Fiscal 2017 (FY18/3)

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In its business activities, the Group is undertaking initiatives aimed at respecting the human rights of its supply chain and employees.

 Human Rights Initiatives (<https://www.nichirei.co.jp/english/corpo/humanrights.html>)

### ■ External Communications

During the Caux Round Table stakeholder engagement program held between May and July 2018, there were proposals from NGOs and others, as well as dialogue among companies that delved into human rights issues in different industries.

Regarding human rights issues in the food industry, some issues raised included human rights and occupational safety and health for raw materials suppliers overseas as well as foreign workers and technical trainees in domestic operations. The Group has been sharing issues in its supply chains at the Company-wide CSR Management discussion meeting since FY18/3, but in light of these discussions, starting in FY19/3, the Group began a human rights risk assessment.

In addition, in September 2018, the Group participated in an international convention (hosted by CRT Japan) that was attended by major NGOs and human rights experts both in Japan and abroad, at which guiding principles related to business and human rights were proposed.

# Contributions to Society

## Basic Philosophy/Policy

The Nichirei Group believes that forging a good relationship with communities and society, as well as contributing to their development through its businesses, is essential to accomplishing its business pursuits. The Group has established its philosophy regarding social contributions in the below policy, and regarding both business matters and other unrelated matters, the Group will aim for coexistence and coprosperity with society.

### The Nichirei Group Policy Regarding Social Contribution

The Group wishes to be seen by society as a trustworthy corporate citizen. We contribute to society by carefully selecting materials, creating good flavors and health, and through stable and efficient logistics. We also contribute to society in areas other than our business activities, based on goodwill, empathy, and a sense of duty. Our social contributions are centered on food- and logistics-related education, regional contributions, environmental protection, disaster relief, and sports sponsorship.

## Management System

Regarding contributions to society, the Group has established a Group Social Contribution Committee, and in addition to holding committee meetings once a year, the chairman calls a meeting when necessary to check on initiatives and perform reviews. In addition, the Mori factory in the Kayabe District of Hokkaido has formed a partnership with the local government to perform forest maintenance on town-owned lands.

[Group Social Contribution Committee \(https://www.nichirei.co.jp/english/corpo/management/governance.html\)](https://www.nichirei.co.jp/english/corpo/management/governance.html)

## Initiatives for Fiscal 2017 (FY18/3)

### Contributions through Use of Company Resources

#### Chichijima, Ogasawara Islands

The Nitto Ice Manufacturing Company set up an ice-making plant on Chichijima one of the Ogasawara islands. It survived the confiscation of Ogasawara by the US military after World War II ended and, when the island was returned to Japan in 1968, the land and buildings were registered as the property of Nichirei. Chichijima had several flourishing activities at the time, including the production of crafts made using Pandanus boninensis leaves, and hula dancing by local groups. The Nichirei Group wanted its facilities to be used for those pursuits, so it demolished the buildings and planted grass, for which it cared.



Factory site

#### Urabandai

[Contributions through Use of Company Resources > Urabandai \(https://www.nichirei.co.jp/english/csr/social/property.html\)](https://www.nichirei.co.jp/english/csr/social/property.html)

### Food and Logistics Education Making Use of Business Characteristics

#### Nichirei Foods' Food Education Activities

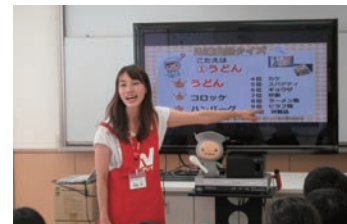
Nichirei Foods conducts various food education programs to promote a healthy future for all children. Food is indispensable and intricately connected to our everyday life. Good eating habits nurture a healthy spirit and healthy body. In order that children may grow up healthy, it is important that they understand the importance of food and are able to choose it properly. Nichirei Foods conducts various initiatives designed to enable people to learn and think about food, and do related hands-on work with children.

#### Food Development Center "KidZania Tokyo," "KidZania Koshien"

[KidZania Tokyo and KidZania Koshien \(https://www.nichirei.co.jp/english/csr/social/education.html\)](https://www.nichirei.co.jp/english/csr/social/education.html)

### Children on a Factory Tour

The concepts are See! Learn! Enjoy!, and Nichirei Foods employees are the teachers. They use videos and PowerPoint slides to explain the frozen food manufacturing process to elementary school students, including the production of frozen food products, *Honkaku-Itame Cha-Han* (fried rice) and *Imagawayaki*. The program, which allows children to have fun while learning, is full of frozen food quizzes and videos that they otherwise would never see, even on an actual tour. In that way, the program teaches the students about Nichirei Foods' careful approach to manufacturing and the merits of frozen food. In FY18/3, the Group held 20 factory tours with 900 children participating. Sometimes they were watching videos while smiling, and sometimes they had intent expressions.



### Five Flavors Identification Test

In this food education program, participants took a taste test in which they tried to identify the five tastes of sweet, sour, salty, bitter, and umami. Employees gave talks on how the tastes felt and what makes a frozen food. In FY18/3, this event was held nine times with 300 people participating.

\* Not available to the public.

### FamilyApps

With FamilyApps, a smartphone app that families can enjoy together, Nichirei Foods has distributed an app called "Let's Make a Delicious Nichirei Lunch!" that enables users to make lunches using Nichirei Foods' frozen products. The content, which allows kids to have fun while making lunch, helps deepen their interest in, and concern regarding, food. In FY18/3, this event was held 14 times with 1,700 people participating.

### "Delicious" Words

-  Food and Logistics Education Making Use of Business Characteristics >  
"Delicious" words (<https://www.nichirei.co.jp/english/csr/social/education.html>)

### Nichirei Fresh Food Education Activities

Food education classes are organized in elementary schools and preschools in the town of Karumai using a dish the Group call Fresh Chicken Karumai. In the classes the Group presents easy-to-understand information that includes the following: Iwate Prefecture boasts the nation's third-highest production of poultry, after Miyazaki and Kagoshima Prefectures; the company's *Junwakei* breed of chicken is raised on feed rice produced in Karumai; and the guano from *Junwakei* chickens is used as an organic fertilizer for the feed rice.

In addition to teaching the children about the production cycle, they are served *Junwakei* chicken in their school lunch that day. The Group will always value opportunities such as these to connect with people in the region, as it continues to develop attractive business opportunities.



## Logistics-related Education

### Lectures Offered at Universities

-  Food and Logistics Education Making Use of Business Characteristics >  
Lectures offered at university (<https://www.nichirei.co.jp/english/csr/social/education.html>)

### Internships in the Logistics Industry

Since 2014, the Nichirei Logistics Group has been participating as an intern-accepting company in the Logistics Industry Internship program hosted by the Japan Association for Logistics and Transport. This initiative allows university students to get a broad view of, and experience in, the logistics industry. On the first day of the internship, the Group gave a presentation on the Nichirei Logistics Group's business, followed by discussions concerning food logistics and tours of logistics centers. Students who attended told us that this opportunity had enabled them to understand the importance of food logistics, and that it increased their interest in logistics as a commercial activity to transport goods to customers. The Group will continue to participate in tertiary-level courses, to further broaden the appeal of the logistics industry.

## Workplace Tours and Job Experience

### Logistics Center Field Trip/Internship

The Nichirei Logistics Group continuously provides opportunities for elementary and junior high school students near its logistics centers to attend field trips to these centers. In FY18/3, junior high school students toured the Oi DC, and nursery school students toured the Tsuzuki DC. The students experienced cold storage facility temperatures (below -20°C) after hearing an explanation from employees. In addition, due to a request from the city, the Morioka-nishi DC offered internships to three high school students. They were given the chance to actually experience work at a logistics center and gain better insight into food logistics.

## Effective Use of Food and Collaboration with Food Banks

Since July 2005, Nichirei Foods has backed the activities of the NPO food bank, Second Harvest Japan\*. Employees who had lived in the US were supportive of the food bank system that was spreading there. They decided they wanted Nichirei to contribute to similar activities and, while searching for a partner with which to work, discovered Second Harvest Japan. Quite free of charge the Group provides the NPO with frozen foods that are not questionable in terms of quality, but which it could not sell in usual markets for such reasons as that the outer packaging has been damaged in transit. With the help of the Nichirei Logistics Group, it uses refrigerated transport to deliver the products directly to institutions certified by Second Harvest Japan.

\* Second Harvest Japan: First food bank in Japan. Gained corporate status in July 2002. Provides food with a safety guarantee to the needy.



Example of a broken carton, its content is hard to use

## Support through Business Activities

### Nichirei Hagukumi Forest

Nichirei Foods' Mori factory in Hokkaido began a partnership with the town of Mori in Kayabe District, Hokkaido to perform forest maintenance on town-owned lands as part of the "Nichirei Hagukumi Forest" initiative. This initiative, "Good for the forest!," as part of the Group's activities to help the forest, involves a plan to plant trees in a 1.2 hectare plot of land owned by Mori, as well as plant and nurture 400 cherry blossom (Someiyoshino) trees, the town's plant symbol, over ten years. The employees at the Mori factory along with their families and the rest of the community participate as well, and the Group is working to help the activity take root in the region.

The "Good for the forest!" conservation activity is spreading to other factories, with Kyurei working to restore the pine trees of the Satsuki Matsubara area in Munakata City, Fukuoka Prefecture, and Nichirei Foods' Shiroishi Factory supporting beech forestation efforts in the Zao area.

### Cooking Classes in Ishinomaki Temporary Housing Facilities (Nichirei Foods)

In an effort to support communities that have been affected by the massive earthquake and tsunami that struck Japan's Tohoku region in 2011, Nichirei Foods Inc. has organized cooking classes in temporary housing facilities. Even after large numbers of people moved from those facilities, Nichirei Foods continued its support. Employees were sent schools to give students a virtual experience of a factory tour. Using audio-video materials showing an actual production plant, the employees gave the students easy-to-understand lessons about the processes involved in making frozen food products, Nichirei Foods' safety and security initiatives, and its fastidious manufacturing techniques. In FY18/3, cooking classes were held in Ishinomaki City, Miyagi Prefecture at Futamata Elementary School and Minato Elementary School, with a total of 43 children participating.

### Forest of Life Project (Nichirei Fresh)

 Forest of Life Project (<https://www.nichireifresh.co.jp/inochinomori/>) (Only available in Japanese)

### Providing Test Drugs to Myanmar Medical Institutions (Nichirei Biosciences)

Since fiscal 2006, Nichirei Biosciences Inc. has been providing, free of charge, antibodies used for pathological testing to medical institutions in Myanmar. The products are provided through the international public health division of Niigata University's School of Medicine. In Myanmar, 42 types of antibodies for immunostaining are difficult to obtain locally. Thus, antibodies and reagents necessary for medical examinations were donated to the University of Medicine 1, University of Medicine 2, and Yangon Children's Hospital, for use in research and medical treatment, including pathological testing, at each of those facilities. In February 2018, Professor Emeritus Makoto Naito and others visited Myanmar University of Medicine 2, Yangon, and in addition to test drugs, Nichirei Biosciences provided pathogen staining samples used in the creation of pathology teaching materials, among other resources. Nichirei Biosciences remains committed to helping improve medical education and pathological research and diagnosis in Myanmar.



### Support for Hospitality Guest House

There are over 500 incurable diseases of unknown origin that affect children, and there are 200,000 children fighting these illnesses. It is impossible to calculate the financial burden and mental anguish inflicted on them and their families. The foundation A Dream A Day In Tokyo conducts activities to help give courage to children with major illnesses, reduce their family's anguish, and create happy memories during their trip to Tokyo. As an endorsee of the foundation's aims, the Nichirei Group provides support in the form of tours of Nichirei Foods and KidZania, and use of the Sukore Yukigaya training center for accommodations.



Nichirei's training center provides lodgings



## ■ Supporting Sports for a Healthy Life

Along with food, Nichirei supports sports as one of the pillars of health.

 Supporting Sports for a Healthy Life (<https://www.nichirei.co.jp/english/csr/social/sports/index.html>)

## ■ Donations and Other Support

### Donations to Support Disaster-hit Areas

In FY12/3, Nichirei decided to donate 10 million yen per year for five years, for a total of 150 million yen, to each of the three prefectures—Iwate, Miyagi, and Fukushima—hardest hit by the Great East Japan Earthquake of March 11, 2011. At Nichirei Ladies, the official Ladies Professional Golfers' Association of Japan tour held in June 2011, all entrance fees were donated to the city and prefecture of Chiba.

In addition, after the Kumamoto earthquake in 2016, in addition to donating 10 million yen to Kumamoto Prefecture, we responded to requests from the prefecture and provided 9,000 *Restaurant Use Only* beef curry meals to the Uki City Hall.

In response to the heavy rainfall that occurred in July 2018, we donated 10 million yen through the Japanese Red Cross Society to assist with initial restoration efforts in areas heavily damaged by the disaster. Moreover, the Nichirei Fureai Fund, in which the company matches contributions made by employees, one million yen was donated to the Japanese Red Cross Society.

### Fureai Fund Donations

The Nichirei Group's social contributions include fund-raising activities and donations. Through endorsement contributions from employees and donations made by the company itself, the Nichirei Fureai Fund, set up in 1993, provides financial support for social welfare, disaster and medical relief, and donations to disaster areas affected by natural disasters and other events.

Through the Central Community Chest of Japan and the Tokyo Good Will Bank, we provide support via graduation congratulatory money to help support the independence of children in social care, as well as via "children's cafeterias" to aid those in difficult circumstances and victims of bullying, etc. Nichirei also provides support for preparation expenses for disaster relief to the Japanese Red Cross Society. In FY18/3, the Group donated 262 million yen total.

### Support for the Keidanren Nature Conservation Fund

Nichirei endorses the spirit of the Keidanren Nature Conservation Fund, to which it has been donating since 1994. The fund supports nature conservation activities primarily in the developing areas of the Asia-Pacific region, as well as conservation activities and the sustainable use of natural resources in order to maintain the preservation of Japan's splendid natural environment.

### Eco-caps

At all workplaces of the Nichirei Group plastic bottle caps from PET bottles are collected to support the activities of NPOs that sell them as plastic raw materials to recycling companies, thereby raising money to fund vaccines for children in developing countries. The sale of 800 caps brings in roughly 20 yen, which pays for a polio vaccine for one person. By contrast, were the caps burned as garbage, 3,150 grams of CO<sub>2</sub> would be released per 400 caps, so recycling the caps also helps reduce CO<sub>2</sub> emissions.

### Participation in Table for Two

The Nichirei Group participates in Table for Two, an employee-participation social contribution activity that starts in the employee cafeteria. The project involves adding 20 yen—the cost of a school lunch for one child in a developing country—to the cost of the cafeteria food to make a food-support donation. Moreover, the foods that can provide this donation are limited to healthy, low-calorie items, so that the program also plays a role in improving employee health. The program is currently conducted at two workplaces, the Nichirei Higashi Ginza Building and the Technology Development Center.

### Restoration of Endangered *Cypripedium macranthos*

 Restoration of Endangered *Cypripedium macranthos* (<https://www.nichirei.co.jp/english/csr/social/contribution.html>)



# Fundamental Policy on Human Resources

The Nichirei Group believes that its employees are a precious resource, and refers to them as human assets rather than human resources. Each Group company promotes efforts adapted for its individual businesses, but the Group has also established the Group-wide Group Human Assets Committee and Diversity Promotion Conference and shares information about and confirms the progress with each company's measures to improve job satisfaction. Each Group company is working to create a workplace full of vitality, based on the Group's fundamental policies.

## Corporate Philosophy: Start by Focusing on Employees

The Nichirei Group believes that our employees are the source of corporate development, and we hope that the work given to each employee is fulfilling and provides an opportunity for self-actualization. Simultaneously, we respect the dignity of each individual, the expression of their personality, and their right to a full personal life.

- (1) Provision of opportunities for the development and manifestation of skills.
- (2) Implementation of a reward system based on ability, effort, and results.
- (3) Creation of a workplace environment that is safe and well-ventilated.
- (4) Prevention of discrimination based on gender, age, education, race, or religion, and the provision of equal opportunity.

## Fundamental Policies for Workplace Improvement

### Employee-focused Workplace Environment

Based on our fundamental principle that improvement in customer satisfaction (CS) and employee satisfaction (ES) are the two pillars that support the company, we maintain a workplace environment where all employees in the Nichirei Group can take pride in their work and workplace; work with ambition through a relationship with superiors based on trust; and fully exercise their abilities.

### Promotion of Diversity

We promote diversity first, by acknowledging different attributes, such as gender, age, and nationality, as well as values. Second, we promote it by changing simple tolerance of new ideas and values that differ from conventional ones into a force driving the company's evolution to acquire a work force (human assets), improve the job and life goals of employees, and create new concepts and values.

## The Nichirei Group Workplace Improvement Policy

In an effort to increase job satisfaction and create workplaces that reflect the Nichirei Corporate Philosophy and Nichirei, the Group has adopted a Nichirei Group Workplace Improvement Policy, and hopes to achieve the policy objectives by fiscal 2021. By facilitating workplace improvements that suit the special characteristics of each of its businesses, the Nichirei Group aims to incorporate and draw on diverse values and ideas, make its organizations more dynamic, and raising productivity.

Enable Diverse Working Styles	Provide working condition options	Employees shall have a certain degree of freedom to choose their workplace and working hours, to suit personal circumstances. Systems to maintain these conditions are to be put in place.
	Set up systems to prevent disruption of employee careers	Systems are to be established to prevent employees' careers from being disrupted or ended because of such circumstances as childbirth, childcare, nursing care, poor health, relocation of a spouse, or disease.
	Prevent excessive working hours	Through collaborative labor and management initiatives for workplace improvement, working hours shall be limited to levels that allow each employee to demonstrate their ability and perform satisfying work in good health.
Ensure Equal Opportunity	Promote the advancement of female employees	Female employees shall be given the same opportunities as their male peers, and offered necessary training in recognition of their value to the Nichirei Group.
	Provide stimulating employment opportunities for people with disabilities	Job positions and employment opportunities for people with disabilities shall be created to allow them to earn a living through stimulating work, with a vision to ultimately eliminate the distinction between people with or without disabilities in society.
	Create employment opportunities for older people	As people live longer, healthy lives, opportunities shall be created to allow older people to play an active role in the workplace by drawing on their particular skills bearing in mind individual working styles and values.

# Occupational Safety and Health

## Basic Philosophy

As company activities become more globalized, in Japan, with society continuing to age, employment and work styles undergoing significant change, and other factors, the structure of society is transforming greatly. Amidst all of these changes, it is necessary to create a safe and comfortable workplace environment that maintains employees' physical and mental health so that each and every employee can feel satisfied and harness their abilities to the fullest extent possible. The Nichirei Group considers employees to be irreplaceable, and continually enhancing its workplace is one part of the Nichirei Pledge. Based on this philosophy, the Group is working alongside employees to create an active workplace environment that is safe and facilitates open communication.

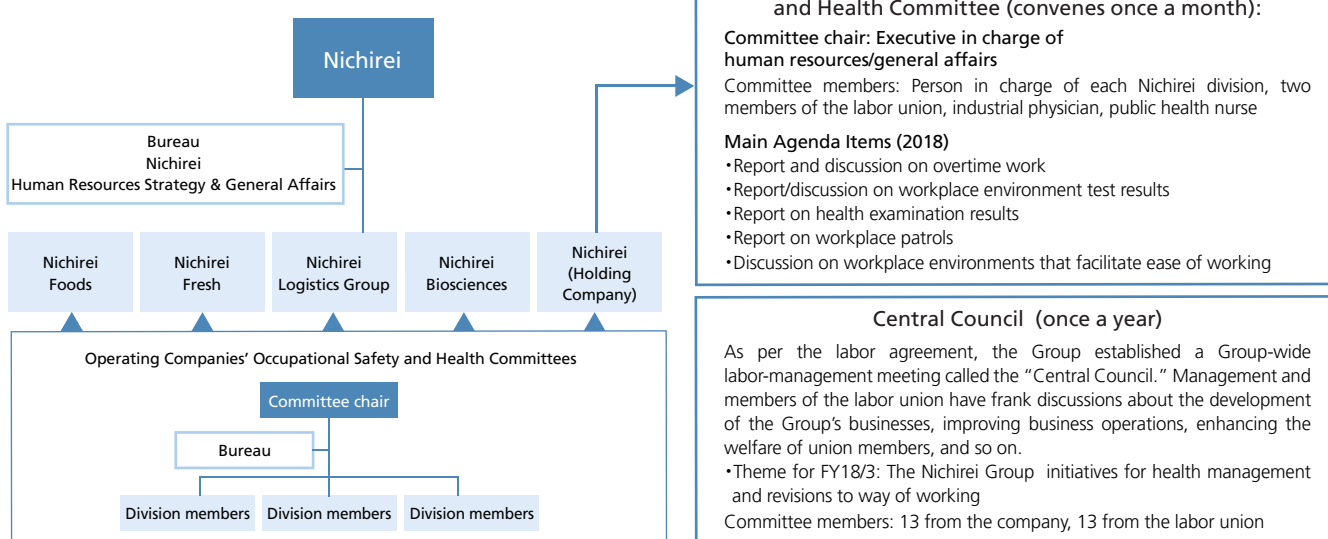
[Nichirei Group Health Declaration \(https://www.nichirei.co.jp/csr/report/2017/pdf/pdf\\_2017\\_010.pdf\)](https://www.nichirei.co.jp/csr/report/2017/pdf/pdf_2017_010.pdf) (Only available in Japanese)

## Management System

The Nichirei Group has established an Occupational Safety and Health Committee based on the Industrial Safety and Health Act and promotes safety and health management in an effort to prevent work-related accidents and manage employees' health. At branch sites, the main issues are work time management related to extended work hours, no overtime days, and so on, and at food factories and refrigerated warehouses, the main issue is reducing work-related accidents. As such, the Group is working to make improvements to workplace environments that are adapted for each workplace. In addition, based on the idea that customer satisfaction (CS) and employee satisfaction (ES) are the two wheels of the "vehicle" of improvement, the Group perform periodic ES surveys at each company. The Group aims to improve employees' ability to attain their work goals, and create employee-focused workplaces by moving through a plan-do-check-act (PDCA) cycle, comprising conducting surveys → giving feedback on survey results → identifying issues and assigning priorities and, finally → planning and executing solutions. Regarding the planning and execution of measures, the Group is implementing a variety of solutions, such as having each company's President and Human Resources representative gather for meetings of the Group Human Assets Committee (held twice a year) to share their progress, as well as applying effective measures to companies.

In addition, in fiscal 2015 (FY16/3), the "Health Promotion Group" was established within the Human Resources Strategy & General Affairs to serve as the division in charge of overseeing health management. And in FY17/3, the Group established the Nichirei Group Health Declaration and Group Health Management Standards. Along with spreading this declaration both inside and outside the company, the Group has instructed the top health promotion representative of its holding company and those responsible for and in charge of overseeing health promotion at each Group operating company to make progress with health management.

### Occupational Safety and Health Committee Organization Chart



### Number of Work-related Incidents at Food Factories

(Incidents)

	FY14/3	FY15/3	FY16/3	FY17/3	FY18/3
Incidents Requiring Time Off	14	18	21	17	34
Incidents Not Requiring Time Off	15	25	23	18	12

\* Target: Employees of Nichirei Foods-operated factories and Nichirei Fresh domestic subsidiaries

\* Includes contract employees, temporary employees, part-time employees, etc.


[Nichirei Group Health Declaration \(https://www.nichirei.co.jp/csr/report/2017/pdf/pdf\\_2017\\_010.pdf\)](https://www.nichirei.co.jp/csr/report/2017/pdf/pdf_2017_010.pdf)  
(Only available in Japanese)

## Initiatives for Fiscal 2017 (FY18/3)


The Group aims to enhance its workplace and create a workplace that focuses on employees and offers a high level of satisfaction. Please see below for details on efforts.

 Creating an Employee-Focused Workplace (<https://www.nichirei.co.jp/english/csr/work/investigation.html>)

In March 2005, the Nichirei Foods Shiroishi factory in particular became the first member of the Group to receive JISHA-approved OSHMS (Occupational Safety and Health Management System) certification, and the 49th business establishment overall in the country. Occupational safety and health initiatives are making progress with the aim of improving safety standards.

 Nichirei Foods Shiroishi factory receives JISHA-approved OSHMS (Occupational Safety and Health Management System) certification ([https://www.jisha.or.jp/oshms/certified/pdf/list\\_eng.pdf](https://www.jisha.or.jp/oshms/certified/pdf/list_eng.pdf))

In addition, Nichirei Logistics Group is implementing initiatives to improve the safety of operating vehicles as well as awareness through lectures and technical competitions.

 Fork lift truck competition (hosted by Nichirei Logistics Group) (<https://www.nichirei-logi.co.jp/news/2017/20180217.html>)  
(Only available in Japanese)

 Driver safety training (Logistics Network) (<https://www.nichirei.co.jp/english/csr/environment/action/factory/center.html#06>)

In terms of health management initiatives, a variety of health promotion measures have been implemented, such as thorough aftercare for health exams led by industrial hygiene staff, health education activities and stress checks during health exams, expansion of the hands-on health support program for employees, “Nichirei Health School,” and remote diagnoses by industrial physicians using ICT. These initiatives were well received, and continuing from 2017, the Nichirei Group received the “Health and Productivity Management Outstanding Organizations 2018—Large Enterprise Category (White 500)” certification from the Ministry of Economy, Trade and Industry.

### Nichirei Foods Safety Activities

Nichirei Foods designated “Three Pillars of Safety Activities” as essential measures for safety activities in food factories: safety patrols, near-miss activities, and abiding by the safety rules. For 2017, it implemented initiatives such as the following.

For safety patrols, it customized the patrol items for each factory and narrowed down the list to the most effective items based on input from those on-site. In addition, it focused patrols on early morning and late night shifts where not many managers are present, learning about problems areas and ideas from employees.

For near-miss activities, in addition to informing employees about near-miss reports and sharing them with everyone so as to raise employee awareness, it also re-established its evaluation criteria to prevent inconsistencies with the proposed near-miss evaluation method and changed the mechanism to reliably enforce prevention measures.

Further, regarding abiding by the safety rules, it worked to ensure that the rules were correctly and thoroughly known and understood, that they were always kept in mind, and that deviations from the rules were thoroughly prevented.

### Health Supervisor

The Nichirei Group has 89 primary health supervisors and 11 secondary health supervisors for a total of 100 individuals who possess certification as health supervisors, who are engaged in working environment management and worker health management.

# Labor Practices

## Basic Philosophy

For the Nichirei Group, employees are regarded as irreplaceable, and so they are referred to as human assets rather than human resources, and the Group considers both employee and customer satisfaction to be of equal importance.

The Group operates on the premise of respecting work regulations in each domestic and overseas operating region and ensures appropriate working conditions. However, in addition to this, it also believes that it is important to strive to respect employees as individuals, create a workplace environment where all employees can be proud of their workplace and job, assist employees in developing their individual abilities, and provide equal opportunity for better work conditions and evaluations without discrimination. In addition, it also believes that respecting the diversity of individual values and attributes and allowing for a variety of work styles to bring out employees' ambition and abilities plays an important role in employees improving their careers and expertise.

The Group is aware that improving the mental and physical health and safety of union members and employees, maintaining and improving employees' will to work, and helping them improve their abilities contributes to strengthening its competitiveness as a company. This philosophy is established in the Group's Fundamental Policies, and each Group company will work to create a vibrant and active workplace and achieve mutual prosperity alongside employees.

- [Fundamental Policies for Workplace Improvement \(https://www.nichirei.co.jp/english/csr/work/policy.html\)](https://www.nichirei.co.jp/english/csr/work/policy.html)
- [Code of Conduct \(https://www.nichirei.co.jp/english/corpo/compliance.html\)](https://www.nichirei.co.jp/english/corpo/compliance.html)
- [The Nichirei Group Workplace Improvement Policy \(https://www.nichirei.co.jp/english/csr/work/policy.html\)](https://www.nichirei.co.jp/english/csr/work/policy.html)

## Management System

Each Group company promotes efforts adapted for its individual businesses, however, the Group has also established the Group-wide Group Human Assets Committee and Diversity Promotion Conference and shares information about and confirms the progress with each company's measures to continually enhance workplaces through these two councils. In addition, to respond to reports and consultations from employees regarding labor practices, the Group introduced an internal reporting and consultation system (Nichirei Hotline) in October 2003.

Between fiscal 2013 (FY14/3) and fiscal 2017 (FY18/3), there have been 13 cases involving consultation about human affairs or matters related to work conditions. With this in mind, the Group is striving for coordination between management and labor through cooperation with the labor union.

## Initiatives for Fiscal 2017 (FY18/3)

### ■ Senior Staff System

Since 2002, the Nichirei Group has been working to provide work opportunities after mandatory retirement. In 2006, the Group transitioned to the New Senior Staff System, which resulted from partial revisions in accordance with the revised Elderly Employment Stabilization Act. In FY18/3, 44 senior staff members were rehired by the Nichirei Group after mandatory retirement. In addition, the Group is making active efforts with respect to hiring global talent.

### ■ Impartial Hiring Opportunities

The Group releases recruiting essentials and all other information on its website, accepts a wide variety of applications, and impartially selects new graduates.

- [Creating an Employee-Focused Workplace \(https://www.nichirei.co.jp/english/csr/work/investigation.html\)](https://www.nichirei.co.jp/english/csr/work/investigation.html)
- [Promotion of Diversity \(https://www.nichirei.co.jp/english/csr/work/divercity.html\)](https://www.nichirei.co.jp/english/csr/work/divercity.html)
- [Labor union activities; labor-management cooperation \(https://www.nichirei.co.jp/english/corpo/humanrights.html\)](https://www.nichirei.co.jp/english/corpo/humanrights.html)
- [Number of employees \(by job type, rank, gender\) \(https://www.nichirei.co.jp/english/csr/pdf/index\\_csr\\_data.pdf\)](https://www.nichirei.co.jp/english/csr/pdf/index_csr_data.pdf)

### ● Group Total Number Hired (new graduates, experienced workers)

			FY14/3	FY15/3	FY16/3	FY17/3	FY18/3
Number of new graduates hired			80	106	83	92	101
Breakdown	Male		52	61	58	57	54
	Female		28	45	25	35	47
Number of experienced workers hired			80	50	45	68	45
Breakdown	Male		66	36	36	42	36
	Female		14	14	9	26	9

### ● Percentage of Non-company Employees

	FY14/3	FY15/3	FY16/3	FY17/3	FY18/3
Number of company employees	3,622	3,635	3,628	3,755	3,780
Number of non-company employees	2,547	2,408	2,241	2,270	2,228
Percentage of non-company employees (%)	41.3	39.8	38.2	37.7	37.1

# Human Rights (Labor-management Relations)

## Basic Philosophy

The Nichirei Group is aware that, when it comes to operating a global business, respecting the human rights not only of the Group's employees, but also all stakeholders involved in its businesses is absolutely essential, and that this philosophy applies to all people and companies.

Based on this way of thinking, the Group has referenced both the "ILO Declaration on Fundamental Principles and Rights at Work"\*<sup>1</sup> and the "UN Guiding Principles on Business and Human Rights"\*<sup>2</sup>, among other international human rights standards, and sets forth the Group's Code of Conduct as follows. The Nichirei Group respects human rights and does not discriminate at all based on race, skin color, gender, religion, political views, nationality, social status, background, or any other factor. The Nichirei Group rejects all forms of forced labor and child labor. Furthermore, discriminatory behavior, violent behavior, sexual harassment, power harassment, and other such behavior is forbidden, and regulatory standards are adhered to with regards to wages (including legal allowances) and working hours.

In fiscal 2017 (FY18/3), the Group established "The Nichirei Group Workplace Improvement Policy" based on the Nichirei Pledge and aims to achieve its goals by FY22/3. In addition to each Group company promoting efforts that address their individual issues, Nichirei also facilitate exchanges of information and confirms each other's progress through the Group-wide Group Human Assets Committee and Diversity Promotion Conference.

\*<sup>1</sup> All member nations pledge to respect, promote, and realize the obligation to eliminate discrimination in hiring and employment, implement effective abolition of child labor, forbid forced labor, and effectively approve freedom of association and the right of collective bargaining.

\*<sup>2</sup> Established by the Special Representative of the Secretary-General John Ruggie with the objective of enforcing the "Protect, Respect and Remedy" framework established to strengthen the standards and customs related to multinational firms' businesses and human rights.

[Code of Conduct \(https://www.nichirei.co.jp/english/corpo/compliance.html\)](https://www.nichirei.co.jp/english/corpo/compliance.html)

[Workplace Improvement Policy \(https://www.nichirei.co.jp/english/csr/work/policy.html\)](https://www.nichirei.co.jp/english/csr/work/policy.html)

[Nichirei Group Sustainable Supply Chain Policy \(https://www.nichirei.co.jp/english/csr/supplychain/index.html\)](https://www.nichirei.co.jp/english/csr/supplychain/index.html)

## Labor-management Relation Philosophy

The Nichirei labor union aims for activities that respect each union member for the healthy development of the Group, based on the principle of firmly maintaining an equal relationship between labor and management and creating an environment that allows for activities based on mutual ambition. The union's activities place importance on labor-management negotiations, narrowing down the demands of its members in the workplace and pushing for improvements, while maintaining a productive relationship with management.

[Labor union activities; labor-management cooperation \(https://www.nichirei.co.jp/english/corpo/humanrights.html\)](https://www.nichirei.co.jp/english/corpo/humanrights.html)

## Management System

In addition, to respond to reports and consultations from employees regarding violations of employees' human rights, Nichirei introduced an internal reporting and consultation system (Nichirei Hotline) in October 2003. Over the past three years, an increasing number of reported cases have involved workplace disputes and harassment. To establish a whistleblower hotline independent of management, as stipulated in the Corporate Governance Code, after the revision of the internal reporting system in FY16/3, Nichirei created and distributed "Nichirei Hotline" mobile cards to employees and posted awareness posters around the workplace to make sure to inform employees about the system. The Group also shares monthly collections of examples regarding the code of conduct with employees via groupware to raise awareness about maternity harassment and other legal violations.

## Initiatives for Fiscal 2017 (FY18/3)

Between FY17/3 and FY18/3, the Group had group leaders (section managers or equivalent) participate in study groups on 20 occasions to raise awareness about target compliance issues. 453 individuals attended.

The seminars were designed to reaffirm the significance of, and need for, compliance, as well as to review the Group's compliance-related policies. During training, participants examined their role as group leaders in ensuring and promoting compliance, including the prevention of harassment. Going forward, the Group will continue education to cultivate awareness about respect for human rights.

E-learning to prevent harassment has also been introduced, and has been used by 4,943 employees.

In FY18/3, there were 12 cases of internal reports or consultations related to human rights complaints and allegations. In accordance with company policy, all reports received are relayed to top management by the administration office, which also conducts an investigation to confirm the facts, implements corrective measures, and provides feedback to the person who made the report (when not reported anonymously). Anonymity is preserved to protect the identity of the person reporting, while the process is carefully managed to ensure there is no retaliation against, or adverse treatment of, those who are the subject of complaints.

[Compliance \(https://www.nichirei.co.jp/english/corpo/compliance.html\)](https://www.nichirei.co.jp/english/corpo/compliance.html)

# Human Asset Cultivation and Diversity

## Basic Philosophy

The Nichirei Group, in order to fulfill its mission statement, is striving to continually enhance its workplaces as part of the CSR activities of its basic policy, the Nichirei Pledge. In addition, in “Corporate Philosophy: Start by Focusing on Employees,” the “prevention of discrimination based on gender, age, education, race, or religion, and the provision of equal opportunity” is established as one of its policies.

[The Nichirei Pledge \(https://www.nichirei.co.jp/english/csr/responsibility.html\)](https://www.nichirei.co.jp/english/csr/responsibility.html)

[The Nichirei Group Workplace Improvement Policy \(https://www.nichirei.co.jp/english/csr/work/policy.html\)](https://www.nichirei.co.jp/english/csr/work/policy.html)

## Management System

Each Group company promotes efforts adapted for its individual businesses; however, Nichirei has also established the Group-wide Group Human Assets Committee and Diversity Promotion Conference. These councils share information about and confirm the progress with each company's measures to continually enhance workplaces.

The Group Human Assets Committee holds a conference twice a year, and the subordinate Diversity Promotion Conference is held three times a year in collaboration with management and labor unions. The Diversity Promotion Conference reports the details of the meetings to the Group Human Assets Committee.

The Diversity Promotion Conference studies and oversees the measures taken by all companies, particularly initiatives related to respecting employees' human rights, job satisfaction, and diverse work styles. The measures include promoting the equal participation of men and women as a company that supports women's success in the workplace, employment of foreigners and other groups that demonstrates a global mindset, allowance for a diverse array of work styles suited to different life stages and ages, and employment of and cooperation with people with disabilities. The Group is working to continually enhance workplaces and raise awareness at Group companies through promoting the sharing of information, Group-wide application of effective measures, and other efforts. In addition, in fiscal 2017 (FY18/3), the Group established The Nichirei Group Workplace Improvement Policy, and is striving to enable diverse working styles, prevent excessive working hours, and ensure equal opportunities by FY22/3.

## Initiatives for Fiscal 2017 (FY18/3)

### Hiring People with Disabilities

The Group actively hires people with disabilities as part of its policy to achieve employee diversity. As a result of its initiatives, the Group has a hiring rate higher than the legally mandated rate.

In February 2007, Nichirei Aura received certification as a special subsidiary company, and it is engaged in cleaning offices and maintaining green spaces at food factories and distribution centers. Moreover, in the Tsukiji district of Chuo Ward where the functions of the Group head office are concentrated, it collects and recycles unneeded documents, delivers mail, shreds unneeded documents, and more.

### Ratio of Employees with Disabilities

FY18/3	2.50%
FY17/3	2.62%
FY16/3	2.64%
FY15/3	2.36%
FY14/3	2.17%

### Offering Employees Workplace Transfer Options

Nichirei Foods Inc. revised its personnel system during FY16/3 and FY17/3, in order to specify which employees are not subject to job transfers. Those who are unable to move to a distant location due to marriage, childcare, nursing, injury or sickness, or other personal reasons, or those who have worked more than a set amount of time, can remain at their desired workplace based on their individual career objectives regardless of reason, and can themselves decide whether they are eligible to be transferred. The revisions were instituted out of respect for the diverse circumstances and preferences of Nichirei Foods employees, and to create workplaces in which all members are motivated to work.

### Promote the Advancement of Female Employees

The Nichirei Group, as part of its Work Improvement policy of promoting the advancement of female employees, provides equal opportunities and education regardless of gender and helps women develop into indispensable assets. The initiatives include developing female employee job consciousness, furthering understanding of management of female subordinates, and promoting a mindset focused on growth.

Nichirei Foods cooperated with other food product companies to hold a women's career seminar. Additionally, it is dispatching employees to leadership training sessions that promote exchange among different industries so that it can cultivate female leaders. Nichirei Logistics Group periodically holds a forum for women working in logistics. Through workshops and other activities, participants deepen their understanding of the changing social climate and policies promoted by the company. Moreover, Nichirei Logistics Group selects one to two women at each of its companies to serve as women empowerment representatives. They utilize the knowledge they gain at study conferences and such to work toward solving issues.



### ■ Career Declaration System

To improve job satisfaction, it is important to provide employees with roles compatible with their career plans. The Group has introduced a Career Declaration System in which all employees assess their career and declare their future career objectives once a year. This information is taken into account when deciding transfers and assignments.

### ■ Maternity Leave Return Rate

In FY17/3, a total of 44 women throughout the Group took maternity leave, and 100% of them returned to work.

 Human Asset Data ([https://www.nichirei.co.jp/english/csr/pdf/index\\_csr\\_data.pdf#page=8](https://www.nichirei.co.jp/english/csr/pdf/index_csr_data.pdf#page=8))

### ■ Gender Discrepancies in Salary

The Group decides salary based on position and job description and does not set differences based on gender. In addition, gender does not play a role in deciding promotions or salary increases.

# Corporate Governance

On the basis of its holding company structure, the Group engages in business through its operating companies across a wide range of fields which include processed foods, marine products, meat and poultry products, logistics and biosciences. The Board of Directors of Nichirei Corporation (the “Company”) draws up the Group’s business strategy and implements an operating structure which provides supervision of business executed by the operating companies with the aim of achieving sustainable growth and increasing its corporate value over the medium to long term.

The Company is well aware that ensuring equitable and highly transparent business practices constitutes a key managerial issue, and accordingly, under the supervision of the Board of Directors, strives to ensure sound corporate governance, including proper allocation of resources, prompt decision-making and strict compliance.

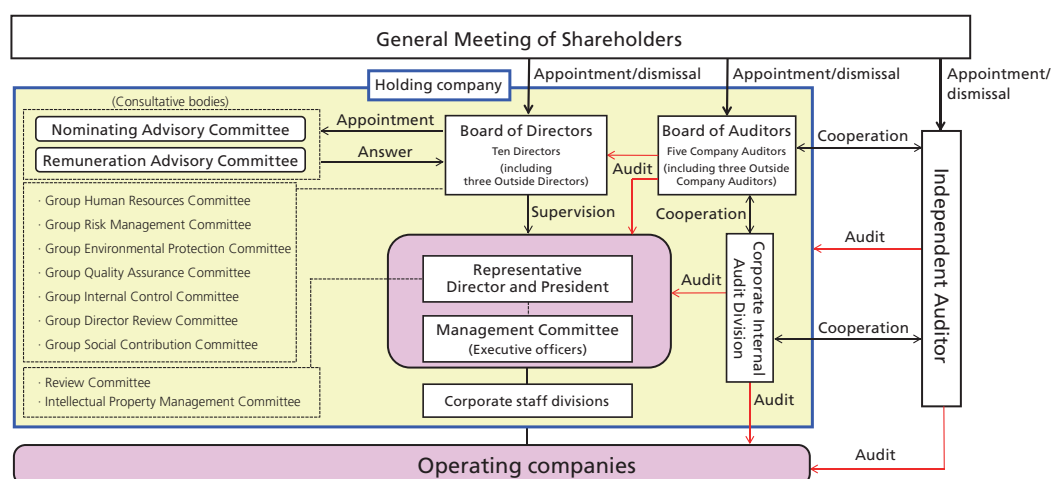
The Company adopts the “Company with Board of Company Auditors” structure of governance pursuant to the Companies Act of Japan.

🔗 Basic Policy on Corporate Governance ([https://www.nichirei.co.jp/english/corpo/management/governance\\_policy.html](https://www.nichirei.co.jp/english/corpo/management/governance_policy.html))

🔗 Corporate Governance Report ([https://www.nichirei.co.jp/corpo/pdf/governance\\_01.pdf](https://www.nichirei.co.jp/corpo/pdf/governance_01.pdf)) (Only available in Japanese)

## Management System

### ● Corporate Governance Structure



🔗 Corporate Governance, Integrated Report 2018 (<https://www.nichirei.co.jp/english/ir/integrated/pdf/P21-22.pdf>)

### ■ Election and Term of Office of Directors

The Board of Directors comprises up to 11 members, appointed to one-year terms in order to enhance flexibility in response to changes in business conditions. Resolutions to appoint directors must be approved by a majority of shareholders, with at least one third of those shareholders who have voting rights in attendance. To improve transparency and strengthen supervisory functions, three of the current 10 directors are outside directors. The Board meets at least once a month. The Board of Directors is chaired by the Representative Director and Chairman, who also serves as an executive officer. Together, the Representative Director and Chairman and the Representative Director and President oversee the Group’s overall execution of business.

### ■ Company Auditor System and Role of Board of Company Auditors

Nichirei has adopted the company auditor system. Of the five company auditors, three are outside company auditors, of whom one has experience at a financial institution, another is an experienced attorney, and the third has worked at a government agency. The Board of Auditors meets once a month, in principle, convening additional meetings as necessary. Nichirei has established a framework to enhance the supervisory functions of company auditors, allowing for the effective use of company auditors, and strengthening the supervisory role of management.

### ■ Independent Outside Directors and Outside Company Auditors

The Company adheres to its Criteria for Independence when appointing outside directors and outside company auditors designated by the Company as independent directors/auditors. A vested interest in Nichirei is denied outside directors and their close relatives, as well as outside company auditors and any companies or organizations of which they are directors or that they serve in other important positions.

🔗 Reasons for nomination of outside directors: Notice of the 100th Annual General Shareholders Meeting, pages 8–10 ([https://www.nichirei.co.jp/english/ir/pdf\\_file/meeting\\_100.pdf](https://www.nichirei.co.jp/english/ir/pdf_file/meeting_100.pdf))

## ● Attendance of Outside Directors and Outside Company Auditors at Meetings of the Board of Directors or Board of Auditors (FY18/3)

Category	Name	Attendance at Meetings of the Board of Directors or Board of Auditors	Main Activities
Outside Directors	Mami Taniguchi	Attended 18 of 19 meetings of the Board of Directors	Ms. Mami Taniguchi is engaged in research activities, primarily on the themes of diversity management and global leadership, and where necessary, provides advice in her professional capacity as a university professor.
	Shizuka Uzawa	Attended 19 of 19 meetings of the Board of Directors	Mr. Shizuka Uzawa has extensive experience as a corporate executive coupled with a wide-ranging knowledge of financial affairs and accounting, and where necessary, provides advice from the viewpoint of group management.
	Mieko Wanibuchi	Attended 18 of 19 meetings of the Board of Directors	Ms. Mieko Wanibuchi has worked in corporate management for many years, and where necessary, provides advice from perspectives that include the product and service purchasing behaviors of consumers.
Outside Company Auditors	Kunitaro Saida	Attended 18 of 19 meetings of the Board of Directors Attended 15 of 16 meetings of the Board of Auditors	Mr. Kunitaro Saida has a background in the legal world, and in his capacity as a legal professional, where necessary, makes indications and provides advice on the validity and appropriateness of decision-making. He also provides advice on internal control systems, business audits, accounting audits, and so on.
	Masaaki Okajima	Attended 19 of 19 meetings of the Board of Directors Attended 15 of 16 meetings of the Board of Auditors	Mr. Masaaki Okajima has considerable experience and extensive knowledge in government, and where necessary, makes indications and provides advice that is valuable for management. He also provides advice on internal control systems, business audits, accounting audits, and so on.
	Kazuo Nagano	Attended 19 of 19 meetings of the Board of Directors Attended 16 of 16 meetings of the Board of Auditors	Mr. Kazuo Nagano has experience working as a manager of a financial institution for many years. In his capacity as a finance professional, where necessary, he makes indications and provides advice that is valuable for management. He also provides advice on internal control systems, business audits, accounting audits, and so on.

## ■ Committees for Effective Corporate Governance

Nichirei has set up committees to advise the Board of Directors, to ensure effective corporate governance. The committees include the Nominating Advisory, Compensation Advisory, Group Human Resources, Group Risk Management, Group Environmental Protection, Group Quality Assurance, Group Internal Control, Group Director Review, and Group Social Contribution Committees. In addition, to advance the execution of business by the president, Nichirei has set up the Management, Review, and Intellectual Property Management Committees, an overview of which follows.

Nominating Advisory Committee	Convened by the chairperson twice yearly and as required
Compensation Advisory Committee	Convened by the chairperson once yearly and as required
The Group Human Resources Committee	Convened by the chairperson twice yearly and as required
The Group Risk Management Committee	Convened by the chairperson twice yearly and as required
The Group Environmental Protection Committee	Convened by the chairperson twice yearly and as required
The Group Quality Assurance Committee	Convened by the chairperson twice yearly and as required
The Group Internal Control Committee	Convened by the chairperson once yearly and as required
The Group Director Review Committee	Convened by the chairperson as required
The Group Social Contribution Committee	Convened by the chairperson once yearly and as required
Management Committee	Held weekly on Tuesdays, except the third Tuesday of the month
Review Committee	Convened by the chairperson as required
Intellectual Property Management Committee	Convened by the chairperson as required

## ■ Internal Audits, Audits by Company Auditors, and Accounting Audits

Company auditors at the holding company and three core operating companies hold regular liaison conferences, conduct joint audits, and ensure the effective auditing of Group-wide management. The Management Auditing Division, responsible for internal auditing, conducts business execution and accounting accounts to verify the status of internal controls across management activities, and offers advice as necessary, in order to ensure strict compliance and observance of the Group code of conduct, and raise awareness of risk management. In addition, the division conducts facility audits inspecting the status of production plants, distribution centers, and other facility audits providing appropriate guidance and advice.

## ■ Officer Remuneration

Design of the remuneration scheme for directors and executive officers incorporates the opinions of a third-party organization. Remuneration comprises a base remuneration component and a bonus component. Base remuneration is paid at a fixed rate determined in accordance with a remuneration schedule. Bonuses are paid according to the concept of productivity-linked bonuses, based on the results of the Nichirei Group, the performance-budget achievement rate of the relevant officer's business area, and an individual qualitative assessment. Outside directors receive base remuneration only; they are not paid a bonus. Nichirei has established a Remuneration Advisory Committee which meets, in principle, once a year to deliberate on such topics as the remuneration system, remuneration levels, and the validity of remuneration, before reporting its findings to the Board of Directors. The committee comprises the Representative Director and President, a company auditor, and outside directors. Officer remuneration is determined by the Board of Directors. The total amount of remuneration and bonuses paid to directors must be within the limit resolved at a General Meeting of Shareholders.

🔗 Amounts of remuneration, etc. paid to directors and company auditors: Notice of the 100th Annual General Shareholders Meeting, page 31 ([https://www.nichirei.co.jp/ir/pdf\\_file/soukai/2018\\_1.pdf](https://www.nichirei.co.jp/ir/pdf_file/soukai/2018_1.pdf)) (Only available in Japanese)

## ■ Status of Board of Directors' Evaluations

🔗 Corporate Governance, Integrated Report 2018 (<https://www.nichirei.co.jp/english/ir/integrated/pdf/P21-22.pdf>)

# Risk Management

## Basic Philosophy

The Nichirei Group has formulated a policy for internal control designed to help bring to fruition its management principles, brand statement, and CSR policy. It has established and implements an internal system to facilitate operational effectiveness and staff ability, ensure the accuracy of financial reports, comply with laws and regulations pertinent to its business, and to protect assets.

With respect to risk management in particular, the Group has set up the Group Risk Management Committee, chaired by the Representative Director and President, to manage the various risks associated with its business activities, in the most appropriate and rational ways from a comprehensive standpoint, and to maximize the corporate Group's enterprise value. The committee identifies and evaluates Group-wide risks, and Nichirei and its business companies respond to these risks on their own accord, based on the established risk management cycle. Important items are reported to the Board of Directors of Nichirei Corporation, the holding company, which considers the response.

Internal Control ([https://www.nichirei.co.jp/english/corpo/management/internal\\_control.html](https://www.nichirei.co.jp/english/corpo/management/internal_control.html))

Business Risk, page 16, Annual Securities Report (for the year ended March 31, 2018)  
([https://www.nichirei.co.jp/ir/pdf\\_file/yuhohh-pdf/yuho\\_18.pdf](https://www.nichirei.co.jp/ir/pdf_file/yuhohh-pdf/yuho_18.pdf)) (Only available in Japanese)

Nichirei's Value Creation Model, page 7, Integrated Report 2018 (<https://www.nichirei.co.jp/english/ir/integrated/pdf/P07-08.pdf>)

## Management System

Recognizing that the actions of each and every employee are important for preventing various risks from occurring, Nichirei established the Code of Conduct, comprised of 12 articles (revised in 2014) relating to compliance and ethical behavior in areas of the environment, society and governance. The Company is committed to reducing risks, such as compliance violations, and publicizes the code to raise awareness.

The Group Risk Management Committee identifies and evaluates Group risks, and develops mechanisms for managing risk in the Group. Any significant risks identified in the risk management process are reported to the Board of Directors of Nichirei Corporation, the holding company, and the response is discussed.

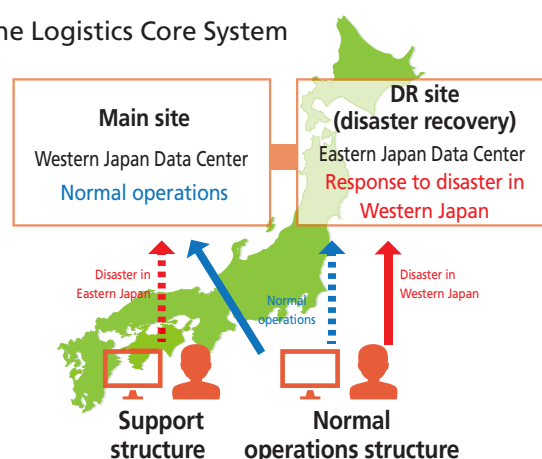
Educating Employees about the Code of Conduct to Ensure Compliance (<https://www.nichirei.co.jp/english/corpo/compliance.html>)

## Initiatives for Fiscal 2017 (FY18/3)

### Enhanced Business Continuity Planning (BCP) Response for the Logistics Core System

As part of risk management, from February 2018, the Nichirei Logistics Group worked to strengthen the BCP response for its logistics core system.

The work involved relocating its main data center, which had previously been overconcentrated in Tokyo, to Western Japan, and building a disaster recovery (DR) site capable of rapidly restoring the system in the event of a disaster. By realizing a dual base system that can switch from the main site to the DR site in the event of a major disaster, Nichirei Logistics Group is able to quickly proceed with business recovery. Taking about one hour from DR activation to resuming online operations, every consideration has been given to preventing customers' businesses and food logistics from being affected under various circumstances. With an aim of also assisting clients with their business continuity, Nichirei Logistics Group will continue to implement advanced initiatives as a lifeline for food distribution.



Conceptual diagram of BCP for the logistics core system

# Compliance

## Basic Philosophy

The Nichirei Group, in accordance with the Group's Management Principles and Code of Conduct, complies with laws and regulations, refrains from dishonest or antisocial corporate activities, and is committed to fair corporate activities befitting a public organ of society.

Formulated in April 1999, Nichirei's Code of Conduct was focused mainly on Japan. As the company expanded globally, the content of the code became less suitable. Therefore, in April 2014, Nichirei established a single international version of its Code of Conduct, designed to strengthen corporate governance for the entire Group and to better ensure legal compliance and ethical business activities. The revision included addition of "respect for human rights" as the top priority, derived in part from the Ten Principles in the four areas of the UN Global Compact. Principles on preventing corruption, judged to be important from the standpoint of global compliance, were also incorporated, including the prohibition of insider trading, and involvement in, or dealings with, antisocial forces.

In addition, the Group has established the Nichirei Group Sustainable Supply Chain Policy, which includes matters on compliance, fair trading, and human rights. The Group procures products and services in accordance with this policy, and asks suppliers to assent to and cooperate in complying with it.

### Code of Conduct

Nichirei Group Code of Conduct (Table of Contents, revised April 2014)

- |   |   |
|---|---|
| 1. Compliance with laws and regulations concerning respect for human rights and labor | 7. Ensuring the reliability of financial information  |
| 2. Environmental protection   | 8. Management and use of information  |
| 3. Compliance with laws and regulations, and internal regulations                     | 9. Prohibition of personal acts conflicting with the Company's interests                            |
| 4. Management and preservation of the Company's property                              | 10. Prohibition of unfair benefits given to, or received from, public officers or business partners |
| 5. Prohibition of personal use of Company property                                    | 11. Prohibition of involvement in, or trade with, antisocial forces                                 |
| 6. Prohibition of insider trading   | 12. Compliance with, reporting of, and consultations concerning, code of conduct                    |

Management Principles (<https://www.nichirei.co.jp/english/corpo/management/rinen.html>)

Code of Conduct (<https://www.nichirei.co.jp/english/corpo/compliance/regulation.html>)

Corporate Governance Report ([https://www.nichirei.co.jp/corpo/pdf/governance\\_01.pdf](https://www.nichirei.co.jp/corpo/pdf/governance_01.pdf)) (Only available in Japanese)

Sustainable Supply Chain Policy (<https://www.nichirei.co.jp/english/csr/supplychain/index.html>)

## Management System

### Strengthening and Ensuring Compliance Awareness

The internal regulations of the Nichirei Group clarify the rules necessary for a Group company to be managed in a systematic and effective manner. They are indispensable for the governance and internal controls of the company. Accordingly, all people working for the Nichirei Group must properly understand and comply with them. Based on this line of thinking, compliance and anti-corruption initiatives are implemented company-wide, while the Board of Directors oversees compliance with the Code of Conduct.

Specifically, to ensure that all employees comply with laws, regulations and Nichirei's articles of incorporation, and act in keeping with corporate ethics, Nichirei has formulated and distributes a Code of Conduct along with a collection of examples of how the code is to be applied. Moreover, so that the principles and systems of compliance management contained in the Code of Conduct and so on better permeate within the company, employees and new recruits are provided training using a collection of examples on the Code of Conduct. By learning about the Code of Conduct based on concrete examples, the aim is to educate and raise awareness for compliance among existing and new employees.

### Internal Whistleblower Hotline and Consultation Service

Whistleblowing and consultation systems have been introduced allowing employees to report, or seek advice on, actions that violate laws or internal regulations, or that are ethically questionable. In fiscal 2015 (FY16/3), Nichirei revised its whistleblowing system in response to the requirements of Japan's new Corporate Governance Code, establishing "a point of contact that is independent of management." To raise awareness for the systems, Nichirei created and distributed promotional posters for its workplaces and reminder cards for employees.

Over the past three years, an increasing number of reported cases have involved workplace disputes and harassment. In accordance with Company policy, all reports received are relayed to top management by the administration office, which also conducts an investigation to confirm the facts, implements corrective measures, and provides feedback to the person who made the report (when not reported anonymously). Anonymity is preserved to protect the identity of the person reporting, while the process is carefully managed to ensure there is no retaliation against, or adverse treatment of, those who are the subject of complaints.

## ● Number of Whistleblowing Cases, by Type

	Mistreatment	Workplace Disputes	Harassment	Compliance-related Breaches	Other Consultations	Total
FY14/3	1	1	4	2	0	8
FY15/3	0	5	4	0	0	9
FY16/3	0	0	7	2	4	13
FY17/3	6	2	7	1	4	20
FY18/3	6	11	12	3	3	35

## Initiatives for Fiscal 2017 (FY18/3)

### ■ Educating Employees about the Code of Conduct to Ensure Compliance

The Nichirei Group seeks to endure and develop as a company that enjoys the confidence of society, based on the high ethical standards of its officers and employees. To foster a sense of ethics in each and every employee, the Code of Conduct has been included in the employee handbook, along with the Group Management Principles, so that employees can check them at any time. In addition, a guidebook on the use of social media has been distributed to all employees, and a monthly series of case studies related to the Code of Conduct is published on the Group's intranet in a clever format that is easy to read and understand.

Seminars are organized for section managers from all relevant departments in order to raise their awareness of the need for compliance. A total of 453 people participated in 20 seminars held in FY17/3–FY18/3. The seminars are held for two hours, per person, per year. The seminars were designed to reaffirm the significance of, and need for, compliance, as well as to review the Group's compliance-related policies. During training, participants examined their role as group leaders in ensuring and promoting compliance, including the prevention of harassment.

In addition, the Nichirei Group has been offering e-learning sessions to educate and train employees, based on its in-house educational rules. A total of 14 sessions were held in FY18/3 covering a variety of topics, including compliance with competition-related laws, prevention of bribery and corruption, and prevention of harassment. The Nichirei Group is committed to continue providing compliance training.

### ● E-learning Training Sessions Conducted in Fiscal 2017 (FY18/3)

	E-learning Topic	Eligible Participants	Actual Participants	Participation Rate
1	Food quality, hygiene, and safety assurance (part 1)	5,319	5,062	95.2%
2	Internal controls (part 1)	5,259	5,024	95.5%
3	Personal Information Protection Act	5,257	4,810	91.5%
4	Environment (part 1)	5,241	5,036	96.1%
5	Insider trading	5,242	5,022	95.8%
6	Competition law; bribery and corruption prevention	5,216	5,006	96.0%
7	Intellectual property	5,232	5,053	96.6%
8	My Number system	5,258	4,948	94.1%
9	Power harassment	5,220	4,943	94.7%
10	Internal controls (part 2)	5,222	5,006	95.9%
11	Internal whistleblowing system	5,226	5,137	98.3%
12	Environment (part 2)	5,227	5,129	98.1%
13	Food quality, hygiene, safety assurance (part 2)	5,196	5,082	97.8%
14	Information security	5,204	5,114	98.3%


### ■ Bribery and Corruption

During FY18/3, no employees were penalized for bribery or other acts of corruption. Moreover, no payments were made for fines relating to bribery or other acts of corruption.

# External Evaluations

The Nichirei Group has been rated highly by various external organizations as a corporate group that is enhancing communication, and which shares its CSR activities to a wide range of stakeholders.

By conducting regular reviews based on the categories and results of these external evaluations, the Group is making further improvements to its activities and reporting.

Incorporation of ESG Index		Assessment of the Nichirei Group
FTSE4Good Index Series		Has been included for 16 consecutive years since FY04/3.
FTSE Blossom Japan Index		Has been included for two consecutive years since FY18/3.
MSCI Japan ESG Select Leaders Index	 2017 Constituent MSCI Japan ESG Select Leaders Index	Has been included for two consecutive years since FY18/3.
MSCI Japan Empowering Women Index (WIN)	 2017 Constituent MSCI Japan Empowering Women Index (WIN)	Has been included for two consecutive years since FY18/3.
SNAM Sustainability Index		Has been included for four consecutive years since FY15/3.
External Assessment of Sustainability		Assessment of the Nichirei Group
CDP Climate Change Program		In a survey conducted by CDP on initiatives for climate change, Nichirei scored a C (FY18/3).
Bloomberg ESG Disclosure Score		50.00 points / Ranked 2nd among major food companies in Japan (FY18/3)
Health and Productivity Management Organization White 500 (FY18/3, FY19/3)		Nichirei was evaluated as a corporation that engages in managing employee health from a strategic and management perspective.
Tokyo Stock Exchange 6th Corporate Value Improvement Award		Excellence Award (FY18/3)
Green Logistics Partnership Conference		Outstanding Business Award (FY18/3)
13th Toyo Keizai CSR Ranking (FY18/3)		Ranked 176/1,413 companies (494.4 points)
21st Nikkei Environmental Management Survey (FY18/3)		Ranked 244/395 manufacturing companies Ranked 22/40 food companies
1st Best Practice Awards for Consumer-Oriented Management		Received the CAA Commissioner Award (FY19/3)



# Third-party Opinion

Nichirei Corporation invited Professor Mika Takaoka of Rikkyo University to read, and offer her opinion on, the Nichirei Group CSR Report 2018.

## Third-party Opinion of the Nichirei Group CSR Report 2018

### Evaluation

This is an excellent report providing an account of the social responsibility activities of the Nichirei Group—whose Group mission is to “Focus on Lifestyles, and Provide True Satisfaction”—with a focus on ESG (environment, social, governance). In this day and age, it almost goes without saying that a social responsibility of companies is to give consideration to the global environment and to contribute to the creation of a sustainable society. Another important element of social responsibility, though, is to maintain business continuity and improve corporate value by putting effort into sound corporate governance. The Nichirei Group has laid a highly transparent governance structure, such as appointing outside directors to three of its 10 director positions, and has established a single international version of its Code of Conduct in an attempt to strengthen its compliance as a global business entity. Japanese companies are often described as having immature governance, but this description is not true of the Nichirei Group. In this respect, I commend the Nichirei Group for its keen awareness of social responsibility.

What I would like to commend most in this report is that, of the eight items in the Nichirei Pledge—the Group’s basic CSR policy revised in April 2017—two of the items have been clearly positioned as priority objectives for the Group, namely, “provide safe products and services” and “maintain a sustainable supply chain.” A focus on materiality would not be possible unless the Group’s vision and the expectations of society, along with their connection with CSR, had been well defined. As mentioned in the President’s Message, providing safe products and services is the most basic and important value provided by the Nichirei Group, and achieving it requires a sustainable supply chain. By identifying the top-priority CSR items, growth of the Nichirei Group and promotion of CSR are now on the same wavelength. Management itself has developed into CSR management, and for this I would like to commend Nichirei.

Another point worthy of special mention is the expansion of “Employee-related Data, Environmental Data” posted on the website. Up until the previous fiscal year, a three-year history of employee-related data had been published, such as the number of employees hired and the number of employees taking childcare leave. But from this fiscal year, five years’ worth of data has been released. This further progress in the Nichirei Group’s disclosure of information is highly commendable.

### Expectations for the Future

I get the impression that the Nichirei Group has taken huge steps forward in CSR over the last three years. For next fiscal year, the Group should consider publishing an action plan for initiatives in line with its eight CSR themes. The plan should include the goals and details of those initiatives, key performance indicators, measurable targets, and levels of achievement. Looking at the “Employee-related Data, Environmental Data,” the ratio of female managers appears to be rising steadily, and there should be no problem in setting a target value. I hope that, by adopting a plan-do-check-act (PDCA) cycle, the Nichirei Group can develop a framework for making continuous improvements to its CSR activities.



**Mika Takaoka**  
Professor  
College of Business  
Rikkyo University

## Response to Third-party Opinion

I would like to express my sincere appreciation to Professor Takaoka for her evaluation of our Group’s steady efforts, such as those for building a highly transparent governance structure and for enhancing information disclosure.

In our Group’s next Medium-Term Management Plan from fiscal 2019 (FY20/3), while delving deeper into our two priority objectives, we plan to establish medium- and long-term ESG targets once future external environmental forecasts, management strategies and so on have been discussed by the management team. As for publishing a PDCA cycle of our CSR activities—which the professor has urged us to do for some time—we will consider this as a way for giving readers an accurate understanding of our activities, as part of our reporting on the background of individual target setting and the execution of measures to achieve those targets.

Through upholding the Nichirei Pledge—our Group’s basic CSR policy—we will continue holding dialogue with various stakeholders, and we will promote management that contributes both to realization of a sustainable society and sustainable growth for our Group.






































**Takumi Taguchi**  
Executive Officer and  
Vice Director  
CSR Department  
Nichirei Corporation

# GRI Standards Contents Index




This report refers to the contents of the GRI Standards (2016). Items indicated with the □ mark correspond to “Top-priority Important Items.” Contents indicated with \* are only available in Japanese.

GRI Standard	Disclosure	Reference Page (Booklet/PDF)	Reference Page (Web)
General Disclosures			
102: General Disclosures (2016)			
102-1	Name of the organization	Company Information (Integrated Report p. 56)	Corporate Data 
102-2	Activities, brands, products, and services	Overview of Nichirei Group (Integrated Report pp. 5–6)	Nichirei is Such Company 
102-3	Location of headquarters	Company Information (Integrated Report p. 56)	Corporate Data 
102-4	Location of operations	Company Information (Integrated Report p. 56)	Each Site/Group Company List* 
102-5	Ownership and legal form	Overview of Nichirei Group (Integrated Report pp. 5–6)	Corporate Data 
102-6	Markets served	Overview of Nichirei Group (Integrated Report pp. 5–6)	Each Site/Group Company List* 
102-7	Scale of the organization	Overview of Nichirei Group (Integrated Report pp. 5–6)	Corporate Data 
102-8	Information on employees and other workers	Labor Practices (CSR Report p. 53)	Employee-related Data 
102-9	Supply chain	Supply Chain Management (CSR Report pp. 43–44) Nichirei’s Value Creation Model (Integrated Report pp. 7–8) Maintain a Sustainable Supply Chain (Integrated Report pp. 17–18)	Sustainable Supply Chain Policy 
102-10	Significant changes to the organization and its supply chain	N/A	—
102-11	Precautionary principle or approach	Risk Management (CSR Report p. 59) Supply Chain Management (CSR Report p. 44)	Corporate Governance > Risk Management Structure 
102-12	External initiatives	President’s Message (CSR Report p. 3) Supply Chain Management (CSR Report p. 44)	—
102-13	Membership of associations	Product Responsibility (CSR Report p. 41)	Compliance > Industry Organizations 
102-14	Statement from senior decision-maker	President’s Message (CSR Report p. 3)	—
102-15	Key impacts, risks, and opportunities	Nichirei’s Value Creation Model (Integrated Report pp. 7–8) Overview (Integrated Report pp. 29, 31, 33, 35, 36)	Securities Report*  IR Library > Presentation Materials 
102-16	Values, principles, standards, and norms of behavior	Nichirei Group Company Management Principles (Integrated Report p. 1) Promoting CSR Management in the Nichirei Group (CSR Report p. 4)	Compliance 
102-17	Mechanisms for advice and concerns about ethics	Compliance (CSR Report p. 60)	Compliance 
102-18	Governance structure	Corporate Governance (CSR Report p. 57)	Corporate Governance Report* 
102-19	Delegating authority	Corporate Governance (CSR Report p. 57) Promoting CSR Management in the Nichirei Group (CSR Report p. 6) Corporate Governance (Integrated Report pp. 21–22)	Corporate Governance  Corporate Governance Report*  CSR Structure  Securities Report* 
102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate Governance (CSR Report p. 57) Promoting CSR Management in the Nichirei Group (CSR Report p. 6) Environmental Management (CSR Report p. 9) Product Responsibility (CSR Report p. 35) Supply Chain Management (CSR Report p. 43) Occupational Safety and Health (CSR Report p. 51) Risk Management (CSR Report p. 59) Corporate Governance (Integrated Report pp. 21–22)	Corporate Governance  Corporate Governance Report*  CSR Structure  Securities Report* 

GRI Standard	Disclosure	Reference Page (Booklet/PDF)	Reference Page (Web)	
102-21	Consulting stakeholders on economic, environmental, and social topics	Corporate Governance (CSR Report p. 57) Promoting CSR Management in the Nichirei Group (CSR Report pp. 6–7)	Corporate Governance Corporate Governance Report* CSR Structure Securities Report*	   
102-22	Composition of the highest governance body and its committees	Corporate Governance (CSR Report p. 57) Promoting CSR Management in the Nichirei Group (CSR Report pp. 6–7)	Corporate Governance Corporate Governance Report* CSR Structure Securities Report*	   
102-23	Chair of the highest governance body	Corporate Governance (CSR Report p. 57)	Corporate Governance Corporate Governance Report* CSR Structure Securities Report*	   
102-24	Nominating and selecting the highest governance body	Corporate Governance (CSR Report p. 57)	Corporate Governance	
102-25	Conflicts of interest	Corporate Governance (CSR Report p. 57)	Corporate Governance Corporate Governance Report* Corporate Governance > Criteria for Independence Securities Report*	   
102-26	Role of highest governance body in setting purpose, values, and strategy	Promoting CSR Management in the Nichirei Group (CSR Report p. 6) Environmental Management (CSR Report p. 9) Product Responsibility (pp. 34–35) Supply Chain Management (CSR Report p. 43) Contributions to Society (CSR Report p. 46) Fundamental Policy on Human Resources (CSR Report p. 50) Corporate Governance (CSR Report p. 57)	Corporate Governance Report* Corporate Governance	 
102-27	Collective knowledge of highest governance body	Promoting CSR Management in the Nichirei Group (CSR Report p. 6) Nichirei Integrated Report (all pages)	—	
102-28	Evaluating the highest governance body's performance	Corporate Governance (Integrated Report p. 22)	Corporate Governance Internal Control Corporate Governance Report*	  
102-29	Identifying and managing economic, environmental, and social impacts	Risk Management (CSR Report p. 59) Nichirei's Value Creation Model (Integrated Report pp. 7–8) ESG Initiatives (Integrated Report pp. 13–14)	Corporate Governance	
102-30	Effectiveness of risk management processes	Risk Management (CSR Report p. 59)	Corporate Governance	
102-31	Review of economic, environmental, and social topics	Promoting CSR Management in the Nichirei Group (CSR Report p. 6) Corporate Governance (CSR Report pp. 57–58) Corporate Governance (Integrated Report pp. 21–22)	Corporate Governance	
102-32	Highest governance body's role in sustainability reporting	CSR Management Structure (CSR Report p. 6) Corporate Governance (CSR Report pp. 57–58) Corporate Governance (Integrated Report pp. 21–22)	Corporate Governance The Nichirei Pledge Working to Make Our Communities More Sustainable	 
102-33	Communicating critical concerns	CSR Management Structure (CSR Report p. 6) Corporate Governance (CSR Report pp. 57–58)	Corporate Governance	
102-34	Nature and total number of critical concerns	There were no significant cases of violations of laws or regulations, etc.	—	
102-35	Remuneration policies	Corporate Governance (CSR Report p. 58)	Corporate Governance Report*	
102-36	Process for determining remuneration	Corporate Governance (CSR Report p. 58)	Corporate Governance Report*	
102-37	Stakeholders' involvement in remuneration	Corporate Governance (CSR Report p. 58)	Corporate Governance Report*	
102-38	Annual total compensation ratio	—	—	
102-39	Percentage increase in annual total compensation ratio	—	—	
102-40	List of stakeholder groups	Promoting CSR Management in the Nichirei Group (CSR Report p. 7)	Management Principles	

GRI Standard	Disclosure	Reference Page (Booklet/PDF)	Reference Page (Web)
102-41	Collective bargaining agreements	—	Labor union activities; labor-management cooperation 
102-42	Identifying and selecting stakeholders	Promoting CSR Management in the Nichirei Group (CSR Report p. 7)	—
102-43	Approach to stakeholder engagement	Promoting CSR Management in the Nichirei Group (CSR Report p. 7)	—
102-44	Key topics and concerns raised	Human Rights (Labor-management Relations) (CSR Report p. 54) Compliance (CSR Report pp. 60–61) Third-Party Opinion (CSR Report p. 63)	Creating an Employee-Focused Workplace 
102-45	Entities included in the consolidated financial statements	—	Securities Report* 
102-46	Defining report content and topic Boundaries	Editorial Policy (CSR Report pp. 1–2)	—
102-47	List of material topics	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5)	—
102-48	Restatements of information	N/A	—
102-49	Changes in reporting	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5)	—
102-50	Reporting period	Editorial Policy (CSR Report p. 1)	—
102-51	Date of most recent report	Editorial Policy (CSR Report p. 1)	—
102-52	Reporting cycle	Editorial Policy (CSR Report p. 1)	—
102-53	Contact point for questions regarding the report	Editorial Policy (CSR Report p. 1)	—
102-54	Claims of reporting in accordance with the GRI Standards	—	—
102-55	GRI content index	GRI Standards Contents Index (pp. I–VIII)	—
102-56	External assurance	—	—

#### 201: Economic Performance (2016)

201-1	Direct economic value generated and distributed	Financial/Non-financial Highlights (Integrated Report pp. 37–38)	Securities Report* General Shareholders Meeting > Notices 
201-2	Financial implications and other risks and opportunities due to climate change	Environmental Management (CSR Report pp. 8–15) Initiatives for Energy and Climate Change (CSR Report p. 18) Nichirei's Value Creation Model (Integrated Report pp. 7–8)	Securities Report > business risks* 
201-3	Defined benefit plan obligations and other retirement plans	—	Securities Report* 
201-4	Financial assistance received from government	Initiatives for Energy and Climate Change > Use of Natural Refrigerants (CSR Report p. 20)	—

#### 202: Market Presence (2016)

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—	—
202-2	Proportion of senior management hired from the local community	—	—


#### 203: Indirect Economic Impacts (2016)












203-1	Infrastructure investments and services supported	—	—
203-2	Significant indirect economic impacts	—	—












#### 204: Procurement Practices (2016)

204-1	Proportion of spending on local suppliers	—	—
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#### 205: Anti-corruption (2016)





205-1	Operations assessed for risks related to corruption	Risk Management (CSR Report p. 59) Compliance (CSR Report pp. 60–61)	—
205-2	Communication and training about anti-corruption policies and procedures	Compliance (CSR Report pp. 60–61)	Compliance 



GRI Standard	Disclosure	Reference Page (Booklet/PDF)	Reference Page (Web)
205-3	Confirmed incidents of corruption and actions taken	Compliance (CSR Report p. 61) During FY18/3, no employees were penalized for bribery or other acts of corruption. Moreover, no payments were made for fines relating to bribery or other acts of corruption.	—
<b>206: Anti-competitive Behavior (2016)</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance (CSR Report p. 61)	—
<b>301: Materials (2016)</b>			
301-1	Materials used by weight or volume	Environmental Management (CSR Report p. 12)	Employee-related Data Environmental Data 
301-2	Recycled input materials used	—	—
301-3	Reclaimed products and their packaging materials	—	—
<b>302: Energy (2016)</b>			
302-1	Energy consumption within the organization	Environmental Management (CSR Report p. 12)	Employee-related Data Environmental Data 
302-2	Energy consumption outside of the organization	—	—
302-3	Energy intensity	—	—
302-4	Reduction of energy consumption	Environmental Management (CSR Report pp. 10–12) Initiatives for Energy and Climate Change (CSR Report pp. 18–24)	Initiatives in manufacturing and processing facilities  Initiatives at cold storage facilities, logistics centers 
302-5	Reductions in energy requirements of products and services	Initiatives for Energy and Climate Change (pp. 18–24) Initiatives in Products and Services (CSR Report p. 31)	Initiatives in retail stores and customer-related areas 
<b>303: Water (2016)</b>			
303-1	Water withdrawal by source	Initiatives for Water Resource Conservation (CSR Report p. 25)	Employee-related Data Environmental Data 
303-2	Water sources significantly affected by withdrawal of water	—	—
303-3	Water recycled and reused	—	—
<b>304: Biodiversity (2016)</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity Initiatives (CSR Report p. 27)	Initiatives at headquarters, our offices 
304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity Initiatives (CSR Report pp. 26–27)	Initiatives in retail stores and customer-related areas 
304-3	Habitats protected or restored	Biodiversity Initiatives (CSR Report pp. 26–27)	Initiatives at headquarters, our offices 
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—	—
<b>305: Emissions (2016)</b>			
305-1	Direct (Scope 1) GHG emissions	Environmental Management (CSR Report p. 12) Initiatives for Energy and Climate Change (CSR Report p. 18)	—
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Management (CSR Report p. 12) Initiatives for Energy and Climate Change (CSR Report p. 18)	—
305-3	Other indirect (Scope 3) GHG emissions	Initiatives for Energy and Climate Change (CSR Report p. 22)	—
305-4	GHG emissions intensity	Environmental Management (CSR Report p. 11)	Nichirei Group CO <sub>2</sub> Emissions 
305-5	Reduction of GHG emissions	Environmental Management (CSR Report p. 11)	Nichirei Group CO <sub>2</sub> Emissions 

GRI Standard	Disclosure	Reference Page (Booklet/PDF)	Reference Page (Web)
305-6	Emissions of ozone-depleting substances (ODS)	Initiatives for Energy and Climate Change > Preventing Refrigerant Leaks to Boost Operating Efficiency, Use of Natural Refrigerants (CSR Report p. 20)	—
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Emissions into the Atmosphere (CSR Report p. 28) Environmental Management (CSR Report p. 12)	Employee-related Data Environmental Data 
<b>306: Effluents and Waste (2016)</b>			
306-1	Water discharge by quality and destination	Environmental Management (CSR Report pp. 11–12) Management of Wastewater, Waste Matter, and Chemical Substances (CSR Report pp. 29–30)	Employee-related Data Environmental Data 
306-2	Waste by type and disposal method	Environmental Management (CSR Report pp. 11–12) Management of Wastewater, Waste Matter, and Chemical Substances (CSR Report pp. 29–30)	Employee-related Data Environmental Data Initiatives in manufacturing and processing facilities  
306-3	Significant spills	Environmental Management (CSR Report p. 15) In FY18/3, there were no legal violations or environment-related incidents that had a serious impact on the environment.	—
306-4	Transport of hazardous waste	N/A	—
306-5	Water bodies affected by water discharges and/or runoff	N/A	—
<b>307: Environmental Compliance (2016)</b>			
307-1	Non-compliance with environmental laws and regulations	Environmental Management (CSR Report p. 15) In FY18/3, there were no legal violations or environment-related incidents that had a serious impact on the environment.	—
<b> 308: Supplier Environmental Assessment (2016)</b>			
103-1	Explanation of the material topic and its Boundary	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5)	—
103-2	The management approach and its components	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5) Supply Chain Management (CSR Report pp. 43–44)	—
103-3	Evaluation of the management approach	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5) Supply Chain Management (CSR Report pp. 43–44)	—
308-1	New suppliers that were screened using environmental criteria	Initiatives for Sustainable Raw Ingredients (CSR Report pp. 16–17) Supply Chain Management (CSR Report pp. 43–44)	—
308-2	Negative environmental impacts in the supply chain and actions taken	Initiatives for Sustainable Raw Ingredients (CSR Report pp. 16–17) Supply Chain Management (CSR Report pp. 43–44)	Initiatives in production regions 
<b>401: Employment (2016)</b>			
401-1	New employee hires and employee turnover	Labor Practices (CSR Report p. 53)	Employee-related Data Environmental Data 
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Asset Cultivation and Diversity (CSR Report pp. 55–56)	Employee-related Data Environmental Data 
401-3	Parental leave	Human Asset Cultivation and Diversity (CSR Report pp. 55–56)	Employee-related Data Environmental Data 
<b>402: Labor/Management Relations (2016)</b>			
402-1	Minimum notice periods regarding operational changes	—	—
<b>403: Occupational Health and Safety (2016)</b>			
403-1	Workers representation in formal joint management–worker health and safety committees	Occupational Safety and Health (CSR Report p. 51)	Creating an Employee-Focused Workplace 
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Safety and Health (CSR Report p. 51)	Employee-related Data Environmental Data 



GRI Standard	Disclosure	Reference Page (Booklet/PDF)	Reference Page (Web)
403-3	Workers with high incidence or high risk of diseases related to their occupation	—	—
403-4	Health and safety topics covered in formal agreements with trade unions	Occupational Safety and Health (CSR Report p. 51)	Creating an Employee-Focused Workplace 
<b>404: Training and Education (2016)</b>			
404-1	Average hours of training per year per employee	Product Responsibility (CSR Report p. 42)	—
404-2	Programs for upgrading employee skills and transition assistance programs	Product Responsibility (CSR Report p. 42) Human Asset Cultivation and Diversity (CSR Report p. 56)	Hiring and Promotion of Human Assets  Nichirei Logistics Group Training System* 
404-3	Percentage of employees receiving regular performance and career development reviews	Human Asset Cultivation and Diversity (CSR Report p. 56)	—
<b>405: Diversity and Equal Opportunity (2016)</b>			
405-1	Diversity of governance bodies and employees	Labor Practices (CSR Report p. 53) Human Asset Cultivation and Diversity (CSR Report pp. 55–56)	Employee-related Data  Environmental Data Employee-related Data Environmental Data > Female Managers Ratio 
405-2	Ratio of basic salary and remuneration of women to men	Human Asset Cultivation and Diversity (CSR Report p. 56)	—
<b>406: Non-discrimination (2016)</b>			
406-1	Incidents of discrimination and corrective actions taken	Supply Chain Management (CSR Report pp. 43–44) Human Rights Initiatives (CSR Report p. 45) Human Rights (Labor-management Relations) (CSR Report p. 54) Compliance (CSR Report pp. 60–61)	Human Rights 
<b>407: Freedom of Association and Collective Bargaining (2016)</b>			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Supply Chain Management (CSR Report pp. 43–44) Human Rights Initiatives (CSR Report p. 45) Human Rights (Labor-management Relations) (CSR Report p. 54) Compliance (CSR Report pp. 60–61)	Human Rights 
<b>408: Child Labor (2016)</b>			
103-1	Explanation of the material topic and its Boundary	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5)	—
103-2	The management approach and its components	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5) Human Rights Initiatives (CSR Report p. 45) Human Rights (Labor-management Relations) (CSR Report p. 54)	—
103-3	Evaluation of the management approach	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5) Human Rights Initiatives (CSR Report p. 45) Human Rights (Labor-management Relations) (CSR Report p. 54)	—
408-1	Operations and suppliers at significant risk for incidents of child labor	Supply Chain Management (CSR Report p. 43–44) Human Rights Initiatives (CSR Report p. 45) Human Rights (Labor-management Relations) (CSR Report p. 54)	—
<b>409: Forced or Compulsory Labor (2016)</b>			
103-1	Explanation of the material topic and its Boundary	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5)	—
103-2	The management approach and its components	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5) Human Rights Initiatives (CSR Report p. 45) Human Rights (Labor-management Relations) (CSR Report p. 54)	—

GRI Standard	Disclosure	Reference Page (Booklet/PDF)	Reference Page (Web)
103-3	Evaluation of the management approach	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5) Human Rights Initiatives (CSR Report p. 45) Human Rights (Labor-management Relations) (CSR Report p. 54)	—
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supply Chain Management (CSR Report pp. 43–44) Human Rights Initiatives (CSR Report p. 45) Human Rights (Labor-management Relations) (CSR Report p. 54)	—
<b>410: Security Practices (2016)</b>			
410-1	Security personnel trained in human rights policies or procedures	Human Rights Initiatives (CSR Report p. 45) Human Rights (Labor-management Relations) (CSR Report p. 54) Compliance (CSR Report pp. 60–61)	Compliance 
<b>411: Rights of Indigenous Peoples (2016)</b>			
411-1	Incidents of violations involving rights of indigenous peoples	—	—
<b>412: Human Rights Assessment (2016)</b>			
412-1	Operations that have been subject to human rights reviews or impact assessments	Human Rights Initiatives (CSR Report p. 45)	—
412-2	Employee training on human rights policies or procedures	Human Rights (Labor-management Relations) (CSR Report p. 54)	Compliance 
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—	—
<b>413: Local Communities (2016)</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	Promoting CSR Management in the Nichirei Group (CSR Report p. 7)	Initiatives at headquarters, our offices 
413-2	Operations with significant actual and potential negative impacts on local communities	—	—
<b>□ 414: Supplier Social Assessment (2016)</b>			
103-1	Explanation of the material topic and its Boundary	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5)	—
103-2	The management approach and its components	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5) Supply Chain Management (CSR Report pp. 43–44) Human Rights Initiatives (CSR Report p. 45)	—
103-3	Evaluation of the management approach	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5) Supply Chain Management (CSR Report pp. 43–44) Human Rights Initiatives (CSR Report p. 45)	—
414-1	New suppliers that were screened using social criteria	Supply Chain Management (CSR Report pp. 43–44)	Human Rights 
414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management (CSR Report pp. 43–44) Human Rights Initiatives (CSR Report p. 45)	—
<b>415: Public Policy (2016)</b>			
415-1	Political contributions	—	—
<b>□ 416: Customer Health and Safety (2016)</b>			
103-1	Explanation of the material topic and its Boundary	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5)	—
103-2	The management approach and its components	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5) Product Responsibility (CSR Report pp. 38–40) Human Rights Initiatives (CSR Report p. 45)	—
103-3	Evaluation of the management approach	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5) Product Responsibility (CSR Report pp. 38–40) Human Rights Initiatives (CSR Report p. 45)	—

GRI Standard	Disclosure	Reference Page (Booklet/PDF)	Reference Page (Web)
416-1	Assessment of the health and safety impacts of product and service categories	Product Responsibility (CSR Report pp. 34–42)	Nichirei Foods Three Promises* Quality Assurance System 
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Responsibility (CSR Report p. 42)	—
<b>□ 417: Marketing and Labeling (2016)</b>			
103-1	Explanation of the material topic and its Boundary	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5)	—
103-2	The management approach and its components	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5) Product Responsibility (CSR Report pp. 38–42)	—
103-3	Evaluation of the management approach	Promoting CSR Management in the Nichirei Group (CSR Report pp. 4–5)	—
417-1	Requirements for product and service information and labeling	Product Responsibility (CSR Report pp. 38–40)	The Nichirei Group's guarantee of quality is displayed on product packaging 
417-2	Incidents of non-compliance concerning product and service information and labeling	Product Responsibility (CSR Report pp. 40)	—
417-3	Incidents of non-compliance concerning marketing communications	Product Responsibility (CSR Report p. 40)	—
<b>418: Customer Privacy (2016)</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Product Responsibility (CSR Report p. 42)	—
<b>419: Socioeconomic Compliance (2016)</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance (CSR Report p. 61)	—