



Nissui Social and Environmental Report  
2016

Issued November 2016  
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## CEO Message



**Norio Hosomi**  
President & CEO  
Nippon Suisan Kaisha, Ltd.

At the Nissui Group, we are earnestly pursuing a management style shaped by our social responsibilities, as evidenced by our mid-term business plan, MVIP 2017. To help drive this effort, we recently established a new CSR Section within our Corporate Strategic Planning & IR Office. We simultaneously issued our CSR Action Declaration, which pledges that we will listen carefully to the opinions of our diverse stakeholders and reinforce our efforts to ensure that our business helps contribute solutions to today's pressing social issues. In tandem with these developments, we have replaced our former Environmental Report with this Social and Environmental Report, and we received feedback on our initiatives by engaging in a special dialogue with an expert, Emi Gamo.

The dialogues we have conducted thus far have provided us with many highly valuable insights. Although some of the issues pointed out will take time to resolve fully, we are determined to keep implementing solutions while continuing to invite feedback as insurance against any form of complacency.

We have been working to increase internal environmental awareness by involving more employees in our efforts. Meanwhile, we will redouble our efforts to reduce environmental impact, focusing on achieving our targets in areas such as CO<sub>2</sub> emissions, waste, and water.

You can depend on the Nissui Group to keep moving forward in step with our stakeholders.

## Contents

- 1** Social Responsibility at Nissui:  
A Dialogue between the President and an Expert  
*Special Dialogue:*  
What is the Nissui Group's Approach  
to Social Responsibility?
- 4** The CSR Action Declaration and the Progress  
of the Nissui Group's CSR Activities  
*The Nissui Group's Commitment to CSR Activities*
- 8** Trending News from the Nissui Group  
*Nissui Highlights:*  
Launching New "Foods with Function Claims"  
Kashima Pharmaceutical Plant Established
- 10** An Arm Chair Tour of a Cutting-edge Distribution Center  
that Ensures Food Safety/  
Reliability and Protects the Global Environment  
Staying in Step with Society and the Global Environment  
*Special Feature:*  
Nissui Logistics Corporation  
Osaka Maishima Logistics Center
- 14** Working to Preserve the Global Environment,  
with a Deep Sense of Appreciation  
for the Bounty of Nature  
Staying in Step with the Global Environment  
*Environmental Management*
- 15** Environmental Impact Reduction  
throughout the Entire Supply Chain
- 16** Biodiversity Preservation
- 17** CO<sub>2</sub> Emissions Reduction
- 18** Waste Reduction and Recycling
- 19** Water Usage Reduction
- 20** Striving to Contribute to the Development  
of Local Communities and Support Future Generations  
Staying in Step with Society  
*Contributing to Local Communities and Society*
- 22** Company Overview / Editorial Policy
- 23** Third-Party Opinion  
*Response to the Third-Party Opinion*



## Working with Stakeholders to Resolve Issues: That is How We Address CSR

### Norio Hosomi X Emi Gamo

President & CEO  
Nippon Suisan Kaisha, Ltd.

Nippon Association of Consumer  
Specialists

"The Nissui Group will appreciate the earth and the sea, and create diverse forms of value from the "five genes"(sense of mission, innovation, hands-on approach, global mindset, and commitment to customers) inherited since its foundation and try to solve social issues through its business activities."

The Nissui Group is determined to fulfill its social responsibilities as outlined in its new CSR Action Declaration. What has the Nissui Group done so far, and what sort of CSR initiatives will it pursue, going forward? President Norio Hosomi spoke about these topics with Emi Gamo of the Nippon Association of Consumer Specialists, highlighting the Nissui Group's original approach to CSR.



“We are earnestly pursuing social responsibility, shaping our approach in dialogue with stakeholders.” (Hosomi)

### Identifying material CSR issues using a stakeholder survey

**Gamo** The Nissui Group's earnest approach to CSR activities is clearly visible this fiscal year. The term “CSR” can mean many different things, with each company having its own understanding and approach. So, what kind of CSR initiatives will the Nissui Group be pursuing?



**Hosomi** We have issued a CSR Action Declaration that addresses our six key stakeholder groups\* and are moving forward with CSR initiatives informed by views from outside the company. While receiving feedback from outside experts, we also used a stakeholder questionnaire to identify material issues that we must resolve through our business activities.

**Gamo** When I thought over CSR once again I remembered that there are three steps in the evolution of marketing. The first step is to make good products for consumers. The second step is to differentiate products according to diverse consumer needs. Up to this step, consumers are a passive entity. At the third step, however, a relationship develops in which the company creates new value together with consumers. Taking the point of view that consumers are your partners in CSR activities, what specific issues do you think you need to address?

\* Stakeholder groups: Customers, employees, business partners, the environment, shareholders, and society as a whole

### Taking various steps to reduce food loss, including providing information to consumers and leveraging the recycling loop

**Hosomi** Food loss is a concern mentioned by diverse stakeholders, and we treat this concern with the importance it deserves.

**Gamo** Food loss is a troubling problem, an issue unique to food companies. When it comes to food, it is sometimes thrown away just because it is one day past the “best before” date. I feel that it is important for consumers to make decisions based on a correct understanding of things such as the difference between the “best before” date and the “use by” date and how companies set the “best before” date.

**Hosomi** Companies decide the “best before” date with a safety factor in the storable period. So, it is not the case that a food cannot be eaten just because it is past the “best before” date. Are you, Ms. Gamo, the type of person who worries about the “best before” date?

**Gamo** When I buy food, I always check the best-before label and pick the freshest items, even by one day. But I think it is a waste to throw away unopened food that is one day past the “best before” date. Throwing away food that can still be eaten is also a problem from the standpoint of securing resources.

**Hosomi** You're right. It is natural for consumers to want fresh products, but the idea that the freshest item is always better is not exactly right. Take canned goods, for example. The flavors actually become richer after six months to a year has passed compared to the freshly canned item. The excessive disposal of products would probably decrease if consumers also used their own judgment based on their senses. Following the Great

East Japan Earthquake, we started working with major retailers to reconsider “best before” dates and changed them for some canned goods and seafood sausages. We will communicate this information to consumers and together reduce the amount of food waste.

**Gamo** When a problem is discovered with a shipped product, companies must respond promptly and with integrity. But that response should go beyond mere recall and disposal. I believe that companies are expected to have rational recall criteria and to properly demonstrate what they are doing to prevent any recurrence of the problem.

**Hosomi** A lot of food residue is also generated at the production site. One initiative we take at production plants is small group activities. Teams of employees analyze how waste is generated in each process and make improvements. We also encourage them to vie with each other to see who can achieve the biggest reduction. Moreover, we are working on the recycling loop at the frozen foods plant at our Hachioji General Plant and Chilldy Co., Ltd., which is a Group company. In this initiative, food residue is composted and provided to the farmers who cultivate the rice that is used as a raw material in products such as onigiri rice balls and bento lunch boxes. It is a true recycling loop, since new products are created from food waste.

**Gamo** That initiative is especially admirable because you identified the issue on your own and are doing something about it.



### EPA—Aspiring to use all of the fish, without waste

**Gamo** As I understand it, EPA,\* which is an ingredient in several “foods with function claims” sold in Japan, was born from the aspiration to make use of all of the fish, without waste.

**Hosomi** When the meat of a fish is used in a product, the bones, head, and other leftovers are often thrown away. We had the idea to make use of those parts instead of throwing them away, and so we used everything that would be thrown away and made fishmeal to feed farm-raised fish. EPA is an ingredient of the fish oil that comes out of that process, an important nutrient for maintaining the health of blood and blood vessels. The Nissui Group started researching the health benefits of EPA in 1978, and in 1980 we established a



technique for extracting high-purity EPA from fish oil. Fish oil is also rich in DHA,\* which is needed for brain and nerve development in infants. Nissui provides high-purity EPA and DHA for pharmaceuticals as well as for supplements, “foods with function claims,” and “foods for specified health uses.”

**Gamo** By providing health foods containing EPA and DHA, you can also help motivate people to lead healthy lives.

**Hosomi** Nissui offers SPORTS EPA, a product that leverages the beneficial way that EPA increases the oxygen-transport capacity of the blood. By encouraging a lifestyle that combines exercise with foods containing EPA, we hope to contribute to the healthy lifespan of Japanese people.

**Gamo** There are many health foods, but no single product that can solve all health problems. I am looking to Nissui, as a food maker, to use health foods as a vehicle to put out a complete message, encouraging people to eat a balanced diet and get regular exercise.

\*EPA: Eicosapentaenoic acid \*DHA: Docosahexaenoic acid



### Popularizing fish consumption by promoting the special places that fish food products come from

**Gamo** There is a widening gap between consumers and the producers of the foods they eat. This leads consumers to judge things based solely on numbers, as we said when discussing food waste due to “best before” date. If consumers can get a better sense of the places where food is made, it can enrich their sensibilities and inform their decisions.

**Hosomi** The Nissui Group wants people to see our production sites up close and personal. This is why we hold plant tours for elementary school students. As just one example, the tour at the processed foods plant at our Himeji General Plant starts with hygiene control, where we have

our guests don a white robe, go through an air shower and wash their hands. The students then enter the plant and go up close to the production line, where they actually get to try freshly made chikuwa.

In addition, Yamatsu Suisan Co., Ltd., a Group company, has fish masters who visit elementary schools to give classes about different kinds of fish and their bone structure, using real fish in the classes. The “Umi to Sakana Competition” Children’s Research and Artwork Contest, on which Nissui cooperates with the Asahi Shimbun Company, was held for the 35th time this year. From here on, we will keep making efforts to let children know about Nissui products and seafood.



**Gamo** I think those are truly wonderful initiatives. Seeing the actual production site for food products up close allows people to make judgments based on real experience, since they will know how safety is taken into consideration when making products. It will also foster a desire to enjoy food without wasting any of it. Please continue these initiatives at production sites, as it will also help to reduce food loss.

**Hosomi** In the past, it was natural for people to clean fish at home. They had real contact with fish and so were familiar with how it is prepared. We want children to continue seeing actual production sites and enjoying real experiences with fish. In this way, we hope to encourage even more people to eat lots of healthy fish.

### Partnering with stakeholders to promote healthy eating

**Hosomi** I feel that we have made good progress recently on our CSR activities. We are still feeling things out, but we are listening to outside opinions and will keep working to resolve issues while never becoming complacent.


**Gamo** Across all of the topics we discussed today—food loss, promoting healthy eating, and popularizing fish consumption—the provision of correct information fosters consumer awareness of the issues, which can lead to cooperative solutions. As a company that comprehensively encourages a healthy dietary life, please communicate to consumers the message, “Let’s do this together.”

**Hosomi** When we communicate with our stakeholders, we often get new insights and hints for future initiatives. Going forward, the Nissui Group will pursue its unique approach to social responsibility in close partnership with stakeholders, including all the people who enjoy our products.



“Please provide suggestions and information that enable consumers to work with you to solve issues.” (Gamo)

**Profile**

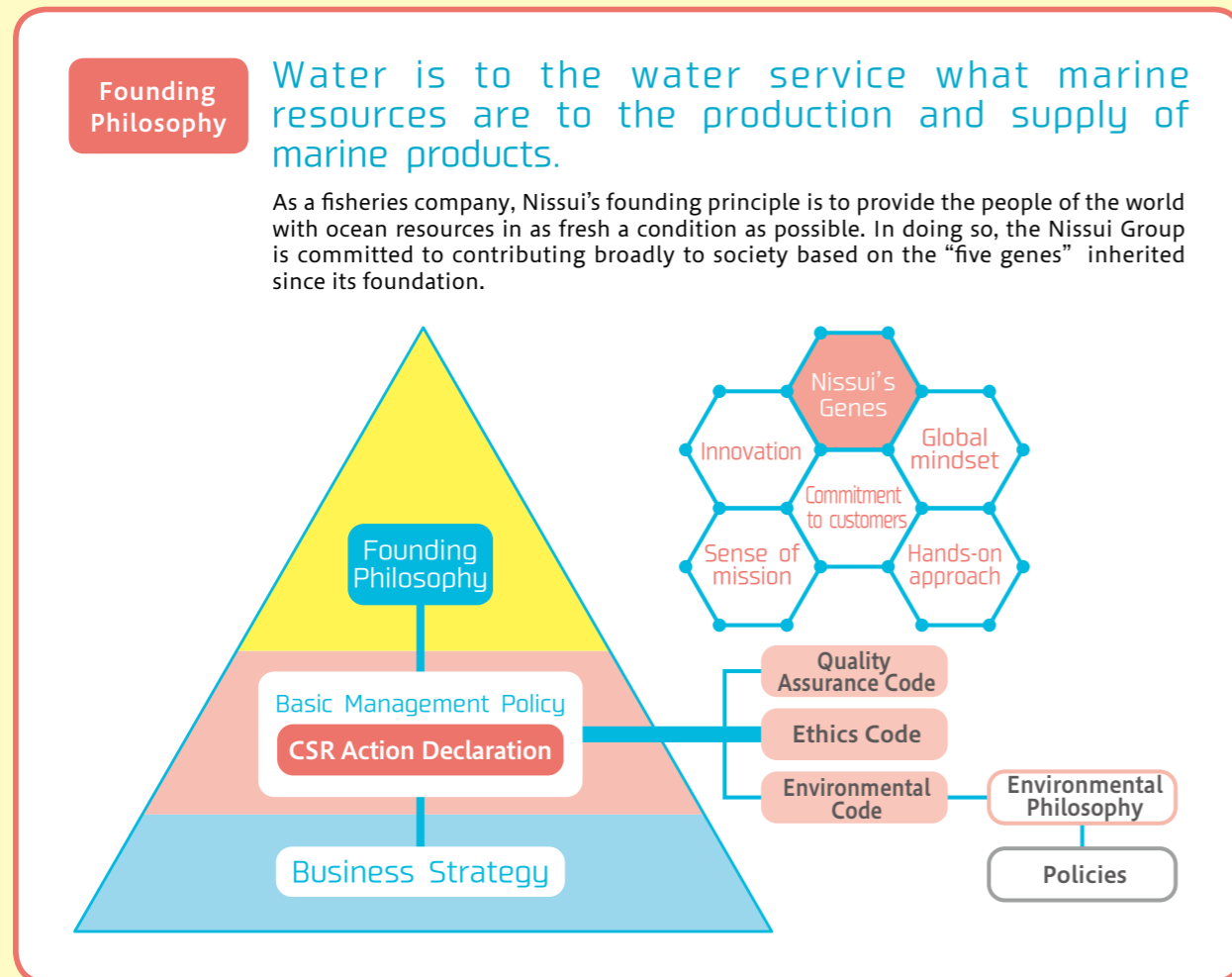


**Emi Gamo** Vice-Chair, Special Committee on Dietary Life, Nippon Association of Consumer Specialists

Current and past positions include: Member, Food Labeling Subcommittee, Cabinet Office Consumer Commission (2016 - ); Councilor, Japan Health and Nutrition Food Association (2016 - ); Member, Research Project on Consumer Attitudes about the Foods with Function Claims System, Consumer Affairs Agency (2016); WG Member, Project to Make Nutrition Labeling Mandatory and to Establish a New Function Claims Labeling System for Foods, Consumer Affairs Agency (2014 - 2015); Member, Research Project on Consumer Reading Related to Labeling of Nutritional Information, Consumer Affairs Agency (2013 - 2014). Currently an outside member of the Nissui Quality Assurance Committee.

## Ensuring that business activities help to resolve social issues, guided by the “five genes” inherited since the company’s foundation

In March 2016, the Nissui Group issued a new CSR Action Declaration, committing itself to pursuing CSR-driven management. The Group’s business relies on the bounty of the earth and sea. With a deep sense of appreciation for all the bounty of nature, the Nissui Group will continue to create diverse forms of value based on the “five genes” inherited since its foundation—all the while aspiring to remain a corporate group that society depends on.

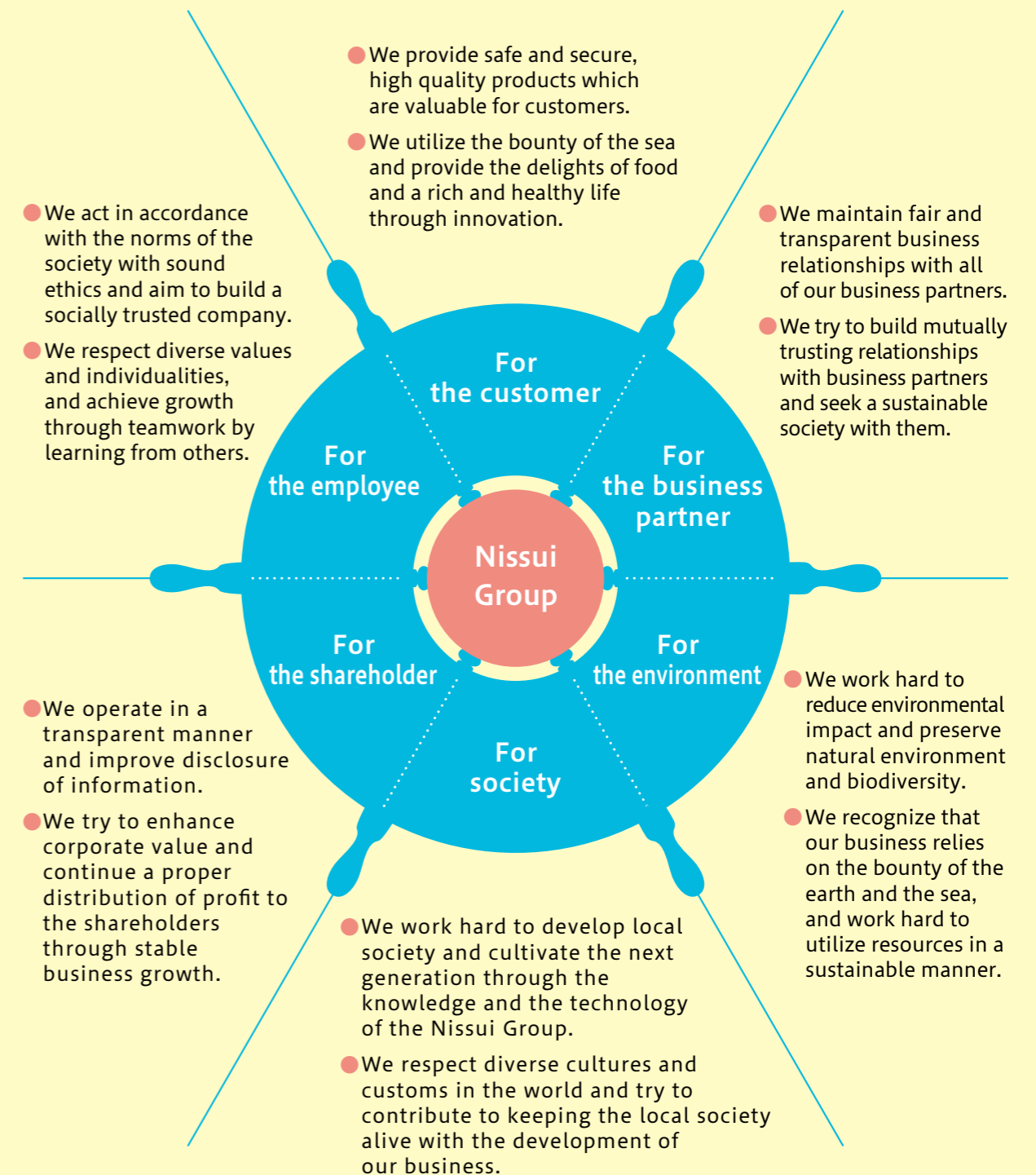


**Basic Management Policy** We will champion the sustainable utilization of marine resources and the preservation of the earth’s environment, continue to create diverse values from resources including marine resources and provide individual consumers with safe and high quality products, thus helping them to maintain a fit and healthy life style.

**Environmental Philosophy** The basic corporate stance of Nissui, whose business relies on the bounty of nature, is to respect natural resources and interact with the earth and sea with gratitude. We shall engage in global business activities which enable us to live in harmony with the global environment, and make continuous efforts to build a sustainable society.

## CSR Action Declaration

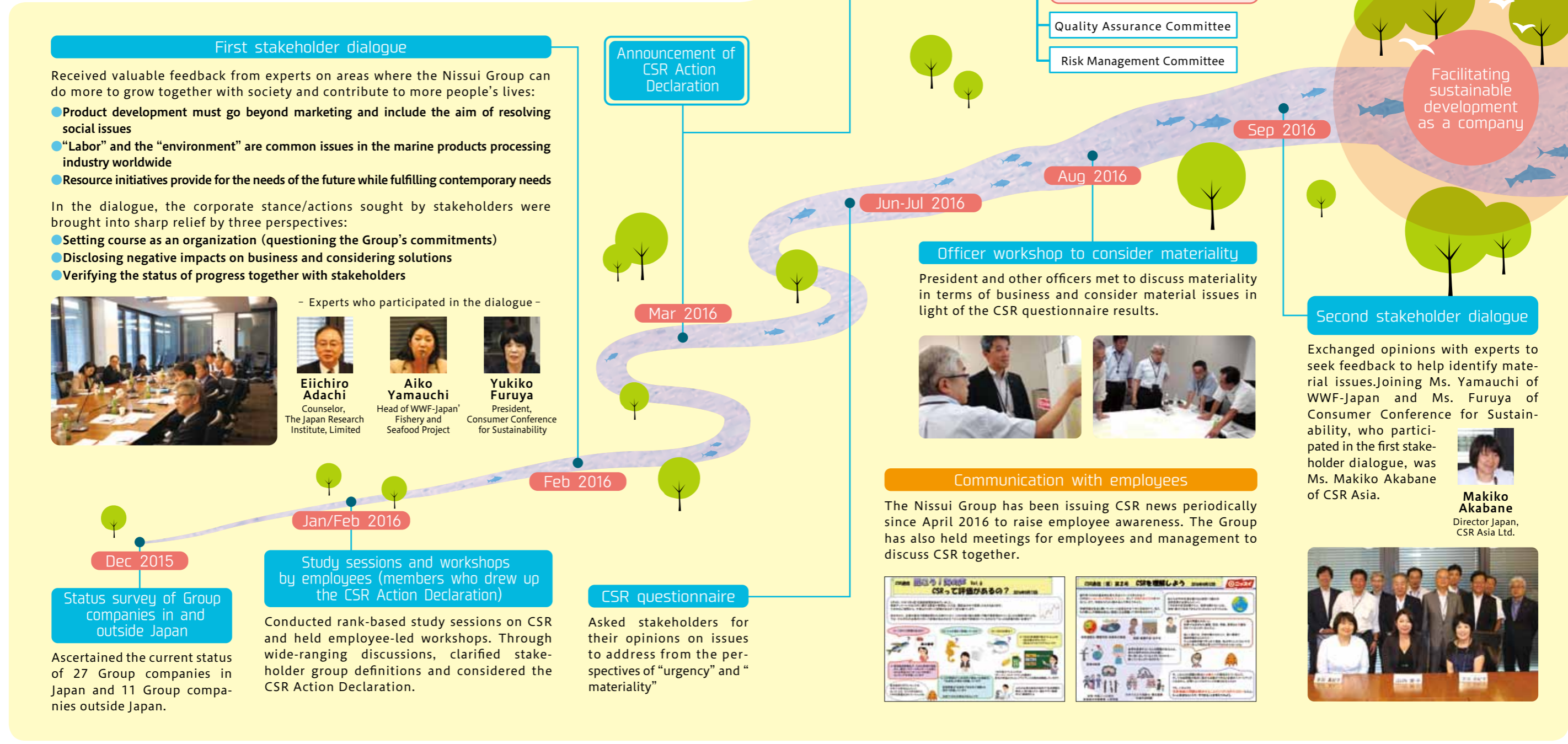
The Nissui Group will appreciate the earth and the sea, and create diverse forms of value from the “five genes” (sense of mission, innovation, hands-on approach, global mindset, and commitment to customers) inherited since its foundation and try to solve social issues through its business activities.



The Nissui Group identifies and addresses material issues in dialogue with stakeholders, and each and every employee helps to create solutions to these issues.

The Nissui Group established the CSR Action Declaration after exchanging opinions with stakeholders in order to take its CSR initiatives to a new level, Group-wide. It also built a CSR Committee system and identified material issues for the Nissui Group. Going forward, the Group will continue to hold dialogues with stakeholders and implement Group-wide CSR activities.

### Progress of CSR Initiatives in the Nissui Group



#### First stakeholder dialogue

Received valuable feedback from experts on areas where the Nissui Group can do more to grow together with society and contribute to more people's lives:

- Product development must go beyond marketing and include the aim of resolving social issues
- "Labor" and the "environment" are common issues in the marine products processing industry worldwide
- Resource initiatives provide for the needs of the future while fulfilling contemporary needs

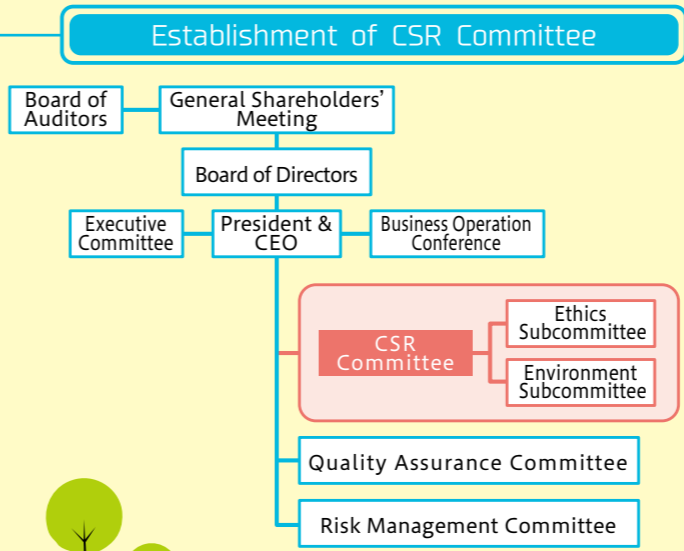
In the dialogue, the corporate stance/actions sought by stakeholders were brought into sharp relief by three perspectives:

- Setting course as an organization (questioning the Group's commitments)
- Disclosing negative impacts on business and considering solutions
- Verifying the status of progress together with stakeholders



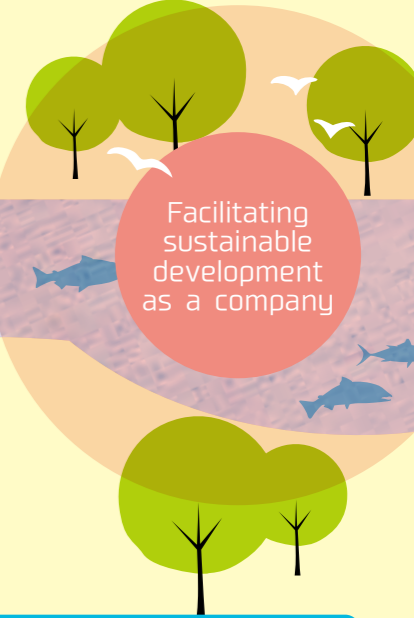
– Experts who participated in the dialogue –

 <b>Eiichiro Adachi</b> Counselor, The Japan Research Institute, Limited	 <b>Aiko Yamauchi</b> Head of WWF-Japan' Fishery and Seafood Project	 <b>Yukiko Furuya</b> President, Consumer Conference for Sustainability
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#### Identification of material issues

The Nissui Group ascertained expectations stakeholders have of it, grouped by the types of stakeholders listed in the CSR Action Declaration, while working to identify material issues. Going forward, the Group will raise the awareness of all employees and continue to use the construct of materiality to guide Group-wide efforts.



Facilitating sustainable development as a company

#### Second stakeholder dialogue

Exchanged opinions with experts to seek feedback to help identify material issues. Joining Ms. Yamauchi of WWF-Japan and Ms. Furuya of Consumer Conference for Sustainability, who participated in the first stakeholder dialogue, was Ms. Makiko Akabane of CSR Asia.



**Makiko Akabane**  
 Director Japan,  
 CSR Asia Ltd.



Launching New “Foods with Function Claims”

Nissui’s EPA/DHA extraction and purification technology translates into delicious health habits

EPA and DHA are unsaturated fatty acids contained in fish oil. They are known to have a variety of functions, including lowering triglyceride levels. Japanese people are eating less and less fish, however, with the annual per capita consumption and frequency of fish showing up on household dining tables both on the decline. Intake of EPA/DHA has also decreased as a result.

Hoping to give people delicious and easy ways to get EPA/DHA in various situations, Nissui has launched seven “foods with function claims” to follow IMARK, which is a “food for specified health uses,” SPORTS EPA supplement and jelly, and EPA+ soy milk cookies. From here on, Nissui will continue to provide a variety of products, including ones that can be used as snacks, not just meals from breakfast to dinner.

“Foods with function claims” is a category under Japanese law regulating foods with labels that make claims of functionality based on scientific evidence obtained at each company’s own responsibility. Information providing evidence for safety and functionality is provided to the Secretary-General of Japan’s Consumer Affairs Agency before product launch. However, unlike “foods for specified health uses,” no individual approval is required from the Secretary-General of the Consumer Affairs Agency.



\*Based on the JPHC Study, an observational study on Japanese people  
 JPHC Study: “Research to establish evidence to benefit health maintenance and improvement including cancer prevention based on multipurpose cohort studies.” the JPHC Study is a study being conducted to establish the relationship between various lifestyle habits and diseases such as cancer, myocardial infarction, and stroke, etc., and to make use of that knowledge in preventing lifestyle-related diseases and extending the healthy lifespan of Japanese people. Until fiscal 2009, a designated study group conducted the study supported by Grant-in-Aid for Cancer Research from the Ministry of Health, Labour and Welfare. Since fiscal 2010, it has been conducted by the National Cancer Center Japan.

The brand mark indicates the content of EPA and DHA with the number of stars (★), serving as an easy guide for customers to use when choosing products.

The minimum daily intake of EPA and DHA at which health maintenance can be expected is **900mg\***

With one ★ indicating 150 mg, a product with six ★ provides the 900 mg of EPA and DHA needed for the whole day.

Nissui’s “foods with function claims”

Label text filed with agency “This product contains EPA/DHA. EPA/DHA have been reported to lower triglyceride levels.”

Lowers triglyceride levels EPA+DHA ★★★★★ Provides the full intake needed for the whole day



Your Once-a-Day EPA+DHA Stick Sausage Your Once-a-Day EPA+DHA Stick Cheese Flavor EPA+DHA Blend Sardines stewed with umeboshi and shiso EPA+DHA Blend Sardines stewed with miso EPA+DHA Blend Sardines stewed with ginger

Sausages Canned foods

Lowers triglyceride levels EPA+DHA ★★★ Provides half the intake needed for one day



Minestrone with Seven Main Ingredients Yukgaejang

Retort soups



Frozen foods

Simmered Dried Daikon Chikuzen-ni Kinpira Gobo Simmered Hijiki

Kashima Pharmaceutical Plant Established

Aiming to be the world’s top EPA manufacturer

The Nissui Kashima Plant in Kamisu, Ibaraki Prefecture is a base for the Company’s fine chemicals business that concentrates and refines health-benefiting components from fish oil. Through today, the Kashima Plant has produced a wide array of products, including EPA as a pharmaceutical raw material, functional lipids (EPA and DHA) as raw materials for health foods, and orange roughy oil as a raw material for cosmetics.

Nissui—A pioneer in EPA research and production

In 1920, Nissui established Hayatomo Fishery Research Group, Japan’s first private fishery research facility, which surveyed fishing grounds, studied the fish caught, and conducted research into refrigeration. Later, when catches came to be sold as processed fish, it turned its attention to reducing waste by making use of the innards, which are not used in the processed foods, and the fish oil that could be extracted from the innards. Thus, in 1934 it began research into making use of fish oil.

At first it conducted research into using fish oil as a coating. In 1978, it started research into EPA for pharmaceutical use. In 1981, it entered into a research and commercialization contract with a pharmaceutical company to create pharmaceutical products and started supplying the raw material for EPA formulations. Since 1988, Nissui has been selling EPA and DHA for use in health foods.

Today, the technology for extracting and purifying various components, including EPA, is used to produce raw materials for cosmetics in addition to pharmaceuticals, health foods, and baby formula.

Building a new plant dedicated to production of EPA as a pharmaceutical raw material

In January 2016, Nissui began construction of the Kashima Pharmaceutical Plant on land adjoining the existing Kashima Plant to increase production of EPA as a pharmaceutical raw material. The plant is expected to go into operation in 2018 and will have an annual capacity of 420 tons. The new plant will achieve a high EPA collection rate from fish oil and will also have lines that can produce high-purity EPA even from raw materials with a low concentration of EPA.

Manufacturing equipment will be compatible with the recovery and recycling of water and thermal energy, and the building will be lit inside with LED lighting to help reduce environmental impact. Moreover, the plant will comply with current Good Manufacturing Practice (cGMP\*), an American manufacturing and quality control standard, ensuring access to globally expanding markets. The world can rely on the Nissui of the future as it aims to be the world’s top EPA manufacturer.

\* cGMP: current Good Manufacturing Practice, a quality standard for pharmaceuticals and other products established by the U.S. FDA.

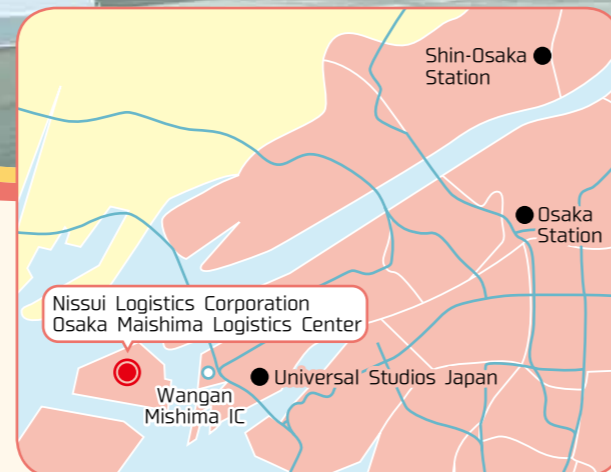


Kashima Pharmaceutical Plant under construction on adjoining land



Aerial view of Kashima Plant

Staying in Step with Society and the Global Environment



Special Feature  
Nissui Logistics Corporation

# Osaka Maishima Logistics Center

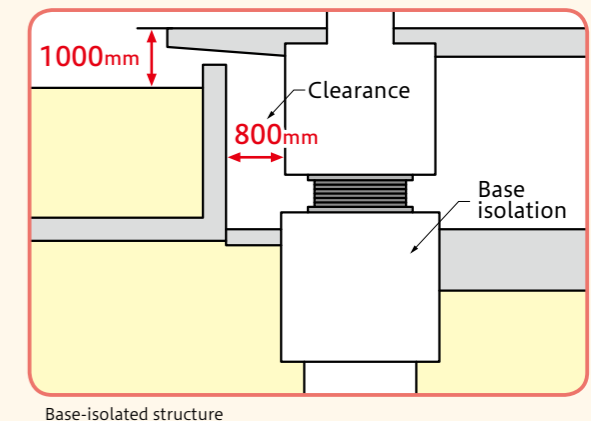
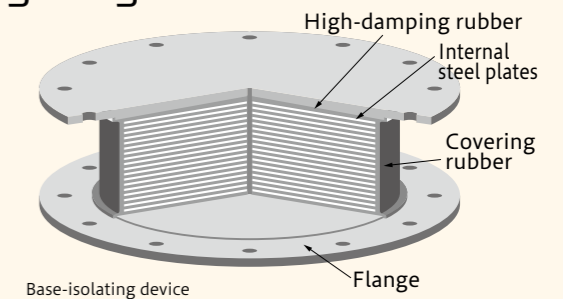
A cutting-edge logistics center with advanced anti-earthquake/tsunami technologies, high operational efficiency, and superior energy-saving performance

In April 2016, the Nissui Group opened a new logistics center in Maishima, Osaka, not far from Universal Studios Japan and about 1.6 km from the Wangan Maishima IC on the Hanshin Expressway. This new logistics center is highly resistant to earthquakes and tsunamis, boasts superior energy-saving performance using natural refrigerant, and makes logistics operations more efficient than ever with its original building structure.

## Thorough anti-earthquake/tsunami technologies to protect goods in an emergency

The first strength of the Nissui Logistics Corporation's Osaka Maishima Logistics Center is its anti-earthquake/tsunami technologies. If the massive trench earthquake anticipated to occur in the Nankai Trough takes place, a tsunami with a height of 3.7 – 4.5 meters is projected to hit the shore around Osaka Bay. Based on disaster protection countermeasures for Osaka's waterfront areas, the Maishima area, which is an artificial island, is built up to at least 7.0 meters above the lowest sea level in Osaka Bay. The ground under the Osaka Maishima Logistics Center has been built up another meter higher. The design draws on lessons from past earthquakes, and the building is built solid to resist infiltration by a tsunami, containing no openings on the seaward side.

The building uses a base-isolated structure with high attenuation performance. The base-isolating device uses a high-damping rubber and has a wide clearance, creating a structure that is more resistant to shaking than typical. There is an emergency power source on the roof so that building functions would not stop even in a power outage caused by a disaster. Goods are stored in a way that will keep them from falling over or falling down in a tremor, and quality is maintained by ensuring the temperature.



## Achieving superior energy savings with freezing machines that use the natural refrigerants ammonia and CO2 and employ unique controls

In 2008, Nissui Logistics Corporation installed a NewTon system that runs on the natural refrigerants ammonia and CO2 at its Kawasaki Logistics Center—becoming the first in Japan's industry to do so. This kind of system is packed with cutting-edge technology and offers excellent energy-saving performance and safety. The new Osaka Maishima Logistics Center is the third center to have a NewTon system.

The installation of natural refrigerants is a proactive global warming countermeasure and is being adopted by many companies today. This has enabled Nissui Logistics Corporation to save a substantial amount of energy, but it is still pressing on to take even further initiatives. Although it was not part of the system installed in Kawasaki, with the cooperation of the manufacturer, inverters were installed as a way to control the rotation rate of cooling fans, thereby achieving even greater energy savings. As a result, the company received a Class S rating, the highest available, in a business class rating system run by Japan's Ministry of Economy, Trade and Industry. At the Osaka Maishima Logistics Center, which began operations this year, attention was paid to structures inside the building in addition to the freezing machines, thereby creating a facility that can achieve the highest level of energy savings.

The company is proceeding with plans to switch all of its freezing machines to natural refrigerants over the medium- to long-term.



Roof-top freezing machines using the natural refrigerants ammonia and carbon dioxide

## Energy savings plus more efficient logistics achieved with a one-way capital structure

The Osaka Maishima Logistics Center has adopted a unique building structure that contributes to greater logistical efficiency. Inside the refrigeration rooms, a flat-slab system with no joists ensures there is no impediment to the flow of cold air, allowing it to circulate evenly. Furthermore, it uses a one-way capital\* structure (patent applied for by Takenaka Corporation and Nissui Engineering Co., Ltd.). The capitals have been installed in a one-way arrangement to facilitate the smooth flow of cold air. Moreover, making the capitals flat effectively increased the space available for cargo.



First floor platform with a large workspace



Inside a refrigeration room with good space for cargo

Employing high-strength concrete in the peripheral columns allowed their size and number to be reduced, substantially enlarging the workspace and allowing for 29 truck berths, about 30% more than usual. This reduces the number of vehicles in standby, leading to greater logistical efficiency. Even though there are a large number of berths, they have good sealing performance, allowing hardly any infiltration of outside air.

Additionally, all lighting is LED, and when vertical carriers come down, the motor rotation is used to generate electricity. In these and other ways, attention has been given to energy savings throughout the building.

\* Capital: A support positioned between the ceiling and columns to reinforce the floor



Truck berths

## Protecting the warehouse 24 hours a day with 36 cameras and a face recognition system

Another feature of the Osaka Maishima Logistics Center is that monitoring cameras are set up throughout the facility. There are 36 cameras, including 13 fisheye cameras that record in every direction. By recording with no blind spots, the cameras ensure food defense measures, preventing theft and food terrorism.

What is more, the facility uses the world's No. 1 face recognition system (based on an NIST\* assessment), monitoring comings and goings at the warehouse 24 hours a day. The system opens doors to the warehouse only for registered people, and all registered face authentications remain on record. Truck drivers bringing goods in can easily register by themselves at the front desk, and people who are not registered cannot enter the warehouse.

\* NIST: National Institute of Standards and Technology. A U.S. government agency that makes standards for technology and industry.



Faces are registered at the office



Warehouse entrance



Camera installed on the ceiling inside the warehouse

## A futuristic logistics center that contributes to the local community

The Maishima area in Osaka is an expanse of distribution warehouses with no private houses in the surroundings. The Osaka Maishima Logistics Center is promoting the expansion of park-like green spaces by reducing fences at the borders between the site and road, thereby eliminating barriers with the surrounding area. Also, the Center conducts community cleanups as part of the Nissui Group's Local Surroundings Cleanups and works with the local Association of Refrigerated Warehouses on efforts such as environmental protection and crime prevention, thereby contributing to the local community as a member of the area.

The Osaka Maishima Logistics Center hopes to be a leading model, including as a logistics center that exists in harmony with and contributes to the local community.



Cleanup around the company



## DBJ Green Building certification acquired

In July 2016, the Nissui Logistics Corporation's Osaka Maishima Logistics Center received DBJ Green Building certification\* from the Development Bank of Japan (DBJ), recognizing it as a logistics facility that ensures user-friendliness, is environmentally friendly, and has emergency measures in place.

The following points were highly rated in the certification:

- (1) The effective utilization of space, including an increased pallet holding rate, achieved by reducing the size and number of columns through the adoption of a "one-way capital construction method" (the first such instance in the refrigerated warehouse industry) as well as the improved user-friendly large freight handling space and the securing of 29 berths, which is the highest level for a facility of this size.
- (2) The operation of an environmentally friendly facility, including full installation of LED lighting and the adoption of freezing machines that use natural refrigerants, developed to contribute to the fight against climate change.
- (3) The implementation of measures that envision emergency scenarios, including disaster protection measures such as the use of a base-isolated structure and the installation of emergency power generators as well as anti-crime measures such as the installation of a driver face recognition security system.

As a result, the facility received the highest rating (five stars) as an excellent environmentally and socially friendly building of the top class in Japan.

\* DBJ Green Building certification: The first initiative in Japan by a financial institution aimed at contributing to the development and fostering of a real-estate finance market that values green buildings as real estate over the medium- to long-term, in order to reflect environmental and social aspects in the value of real estate. Certification is given at five levels based on a score from assessments made in terms of five criteria: environmental performance, degree of comfort for tenants and users, risk management, consideration for the surrounding environment and community, and cooperation with stakeholders.





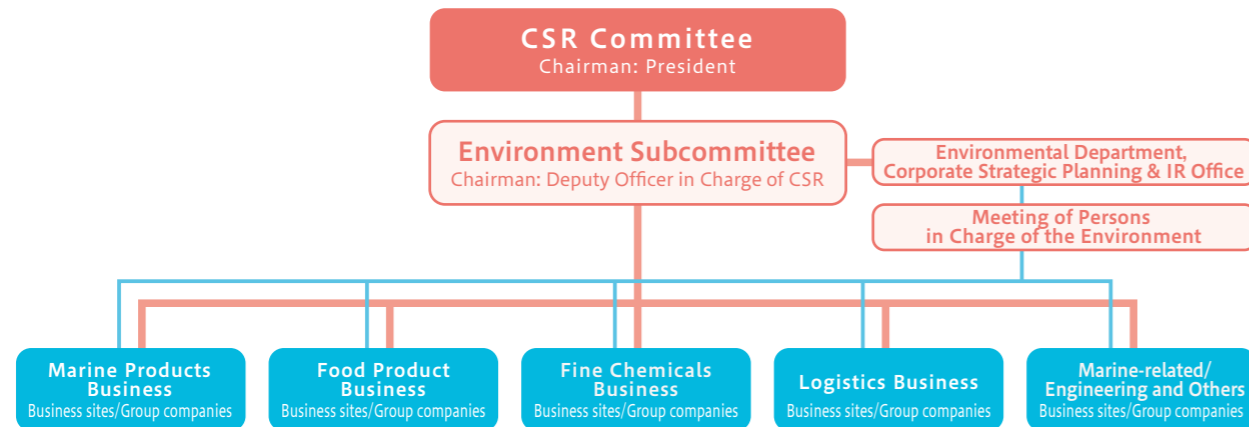
## Environmental Management

Helping to create a sustainable society by building an environmental management system under the new Declaration on Action of CSR

In 2016, Nissui changed the name of its Environment Committee to the Environment Subcommittee, placing it under the CSR Committee and revised the system to step up activities. The subcommittee sets numerical targets for three items—reduction of CO<sub>2</sub> emissions, reduction of waste, and reduction of water usage—and will make efforts to reduce environmental impact and will also expand activities to increase environmental awareness.

### Environmental management system

The Environment Subcommittee meets four times a year and the content of its discussions is reported to the CSR Committee. In addition, business sites and group companies within each business segment have developed environmental management systems to carry out their environmental initiatives.



- | Environment Subcommittee  | Environmental Department, Corporate Strategic Planning & IR Office   | Meeting of Persons in Charge of the Environment  |
|---|--|--|
| <ul style="list-style-type: none"> <li>Deliberates and determines basic matters regarding environmental initiatives for the entire Group</li> <li>Promotes and manages the progress of environmental preservation activities (The Environment Committee met twice in fiscal 2015 [chaired by the president])</li> </ul> | <ul style="list-style-type: none"> <li>Plans and proposes measures regarding environmental initiatives for the entire Group</li> <li>Monitors the progress of environmental impact reduction efforts in each business; issues information</li> <li>Develops good practices horizontally</li> </ul> | <ul style="list-style-type: none"> <li>Monitors the progress of activities in each business; exchanges information</li> <li>Develops good practices horizontally (Meetings were held two times in fiscal 2015)</li> <li>Confirms the status of legal compliance</li> </ul> |

#### Acquisition of ISO 14001 certification

Nissui seeks to secure ISO 14001 certification, which is the international standard for environmental management. As of June 30, 2016, a total of 62 sites (offices, consolidated subsidiaries, and Group companies in Japan combined) had acquired ISO 14001 certification.

#### Environmental risk management

In fiscal 2015, there were no instances of accidents or problems that would severely impact the environment at any of Nissui's business locations. In addition, as it did the year before, Nissui continued to meet all standards on air, water quality, odor, noise and vibration set forth in laws and regulations. Nissui is in compliance with Japan's Act on Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources, Act on the Rational Use of Energy, and Act on Promotion of Global Warming Countermeasures.

#### Environmental education and awareness building

In addition to the regular education conducted in the course of training new hires and at meetings for persons in charge of environmental matters, Nissui has been conducting environmental education focusing on biodiversity to ensure employees learn about the current conditions of the global environment and the steps being taken by Nissui to help build a sustainable society.

#### Raising employees' environmental awareness with Eco Letters

Nissui regularly distributes an Eco Letter themed on familiar topics. Volume 20, "Ties among the Forest, Rivers, and Sea," which was distributed in May 2015, stressed the importance of preserving the forest, rivers, and sea as a whole. Volume 21, "2020 Tokyo Olympics: Is Zero Trash Achievable?" considered sustainability initiatives at the Olympics. Volume 22, "What Kind of Seafood Will Be Provided at the 2020 Tokyo Olympics?" communicated the procurement standards for marine products at the Olympics. Volume 23, "A Town Called Eco Town," introduced Japan's Eco Town project to recycle industrial waste.

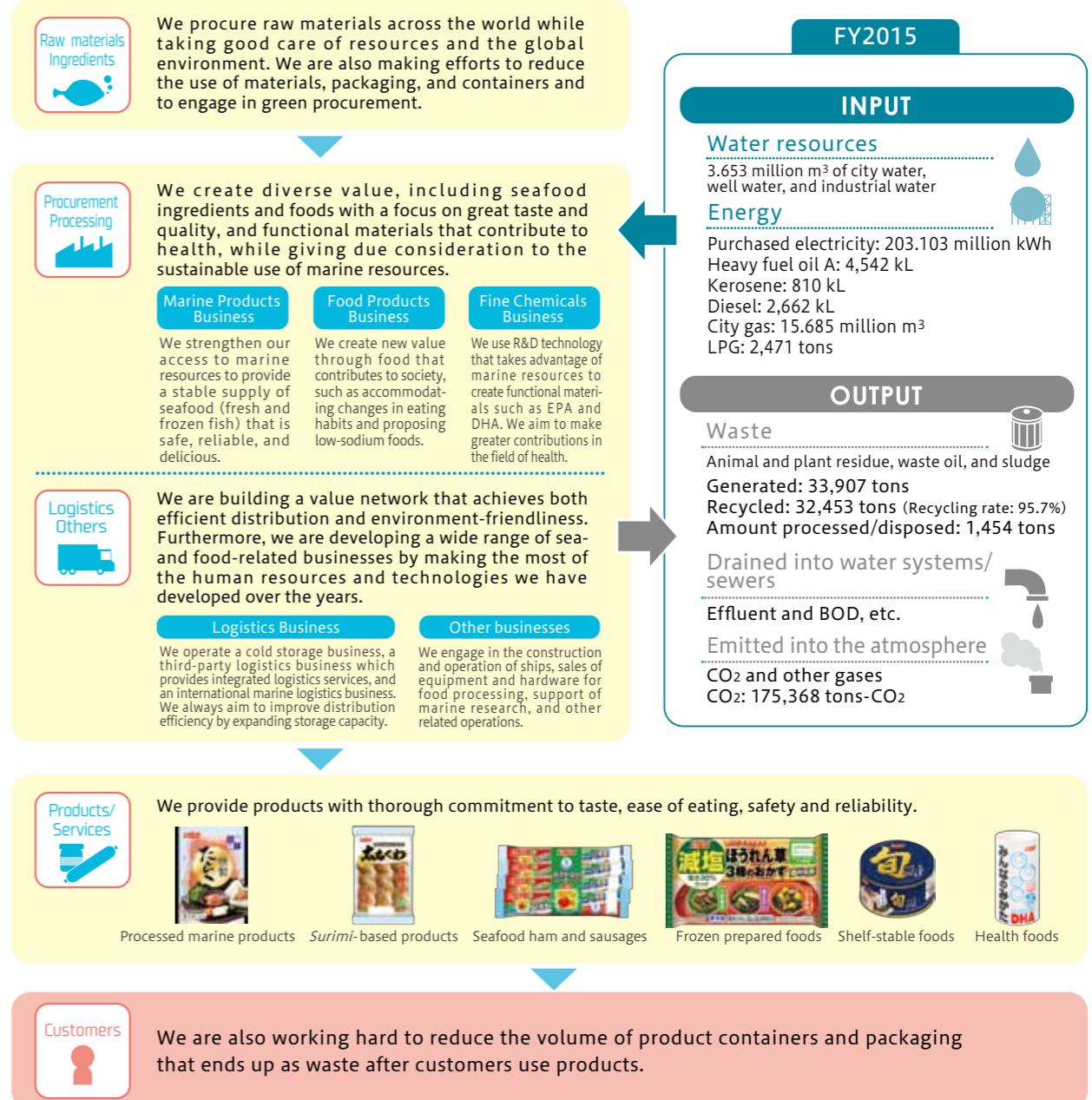


## Environmental Impact Reduction throughout the Entire Supply Chain

Striving to reduce environmental impact in every aspect of business operations — from global seas to the dining table

Nissui strives to reduce environmental impact—from the procurement of raw materials across the globe to production, processing, and distribution, and ultimately to the table of every customer. Nissui involves the entire supply chain in the effort by keeping detailed statistics on the usage of resources and energy and the disposition of waste and other outputs that are generated in all aspects of its business.

### Flow of resources and energy in FY2015



## Biodiversity Preservation

Encouraging employees to take a leading role in protecting the earth's capacity to sustain the diversity of life

Ensuring that the environment continues to be able to sustain the diversity of life is an important mission of the Nissui Group, whose business relies on the bounty of nature. The Nissui Group has included its commitment to preserving biodiversity in the Policies of its Environmental Code and aims to use marine resources sustainably and in harmony with ecosystems.

Nutrients from the forest are carried to the sea via rivers, supporting the growth of fish—Preserving the forest, rivers, and sea as a whole

The Nissui Group seeks to encourage people to learn and take action based on the understanding that preservation of the forest protects precious sources of water, which in turn flow in nutrient-rich rivers to the sea, supporting the growth of fish and shellfish. Every June the Group holds a hands-on class in the preservation of village woodlands in Utsunuki field in Hachioji. In the fall, it holds a class to learn about biodiversity in the vicinity of Tokyo. Also, in fiscal 2015, it communicated the importance of preserving the forest, rivers, and sea as a whole in Eco Letter Volume 20, "Ties among the Forest, Rivers, and Sea."

### Hands-on preservation in Utsunuki field, Hachioji

On June 13, 2015, a hands-on village woodlands preservation class was held in Utsunuki field, Hachioji, adjacent to the Nissui Tokyo Innovation Center. Nissui employees and their family members—25 people in all—learned about the diverse creatures in the woodland and saw how they are being preserved under the guidance of the Utsunuki Green Society.

As of fiscal 2015, Nissui has become a supporting member of the Utsunuki Green Society.



### Class on biodiversity in Kasai Rinkai Park

On September 26, 2015, Nissui held a class to learn about biodiversity in Tokyo's Kasai Rinkai Park. Under the guidance of the NPO Ocean Family, the class caught and observed a variety of creatures on the tidal flat, conducted an ocean water purification experiment using oysters, and verified the status of water quality improvement in Tokyo Bay. (Planned by the Japan Environmental Education Forum)

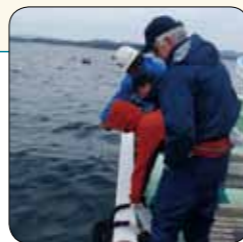


Eco Letter Vol. 20 "Ties among the Forest, Rivers, and Sea" distributed throughout the Nissui Group

## Pilot audit to acquire the first ASC certification in Japan

At the end of February 2016, Kurose Suisan Co., Ltd., a Nissui Group company, conducted a pilot audit for ASC certification\* for Seriola fish with the certification body. A pilot audit is an on-site inspection to produce an audit manual based on ASC standards. It is an initiative to prepare for the actual future audit. This was a step forward toward acquiring the first certification in Japan.

\* ASC (Aquaculture Stewardship Council) certification: A third-party certification system launched in 2010 by such organizations as the World Wide Fund for Nature (WWF) to ensure the sustainability of commercial aquaculture.



## Sponsorship of Sustainable Seafood Week

WWF Japan and the Japan office of the Marine Stewardship Council (MSC) organized Sustainable Seafood Week (June 5-15, 2015) to point out the importance of supplying and consuming sustainable seafood. Nissui took part as a sponsor of this campaign.

## Nissui becomes a corporate member of WWF Japan

In February 2016, Nissui became a corporate member of the World Wide Fund for Nature (WWF) Japan. WWF is an organization protecting the global environment through activities in over 100 countries. It focuses on the preservation of biodiversity on earth and the reduction of the impact human life has on the natural environment and wildlife. Nissui, which regards sustainable utilization of resources and preservation of the global environment as important issues, will cooperate in WWF's activities.

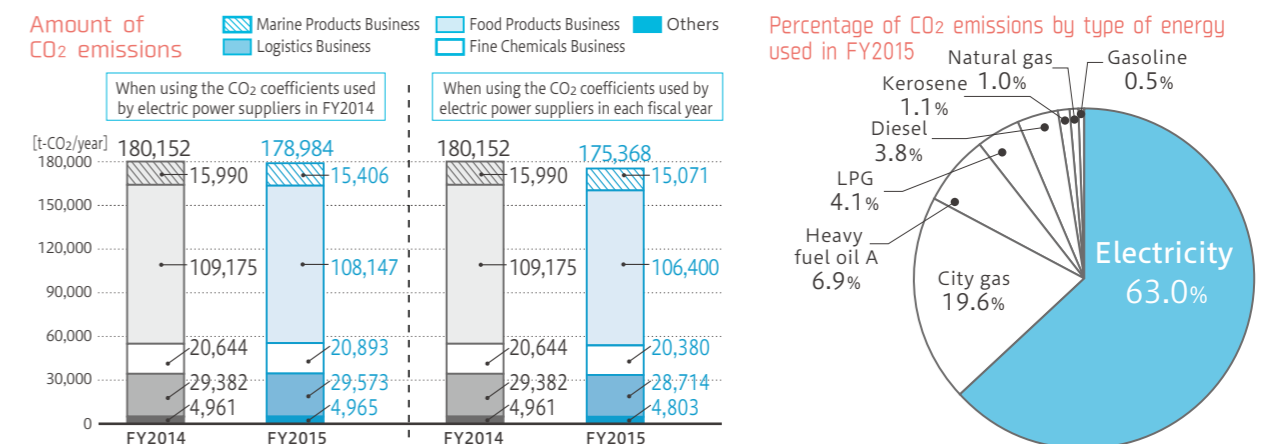
## CO<sub>2</sub> Emissions Reduction

Systematically reducing CO<sub>2</sub> emissions through Group-wide initiatives

The Nissui Group has established numerical targets and is making concerted efforts in pursuit of the systematic reduction of CO<sub>2</sub> emissions, one of the factors in global warming. Nissui pursues the reduction of CO<sub>2</sub> emissions through such measures as energy- and electricity-saving efforts, switching to the latest equipment, and the use of renewable energy.

Amount of CO <sub>2</sub> emissions	Target	1.0% reduction compared to FY2014 level	Performance	2.7% reduction compared to FY2014
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In fiscal 2015, the Nissui Group's total CO<sub>2</sub> emissions were 175,368 tons, down 2.7% from the previous year. The breakdown of CO<sub>2</sub> emissions by type of energy used shows that CO<sub>2</sub> emissions attributable to the use of electricity accounted for 63.0% (55.1% in the previous year), a higher percentage than the prior year. This was followed by city gas with 19.6% (22.7% in the previous year) and heavy fuel oil A with 6.9% (10.5% in the previous year).



Note: The amounts of CO<sub>2</sub> emissions from purchased electricity are calculated using the CO<sub>2</sub> coefficients used by electric power suppliers.

## Initiatives to reduce CO<sub>2</sub> emissions

### Reducing CO<sub>2</sub> emissions by replacing boilers (Hachikan Co., Ltd.)

Hachikan, a Group company, has substantially reduced its CO<sub>2</sub> emissions by replacing boilers that run on heavy fuel with ones that run on liquid natural gas (LNG). The reduction effect from January to March 2016 was 730 tons-CO<sub>2</sub> at its frozen foods plant and room-temperature plant combined.



### Reducing environmental impact through installation of EcoCute water heaters (Mogami Foods Co., Ltd.)

Mogami Foods, a Group company, has installed EcoCute water heaters to boil water by using heat extracted from air, with the aim of eliminating the shortage of steam in the winter and reducing environmental impact. This led to a reduction in heavy oil use, producing a reduction of 70 tons-CO<sub>2</sub>, or 1.4% of the total emissions for fiscal 2014. Going forward, the company will adjust its EcoCute use in the winter to achieve further energy savings.

### Pursuing energy savings and CO<sub>2</sub> reductions through solar power generation (Yumigahama Suisan Co., Ltd.)

Yumigahama Suisan, which farms coho salmon in Sakaiminato, Tottori Prefecture, installed a solar power system in 2015 and generated 250,000 kWh of power from July 2015 to March 2016. As a company that lives together with the sea, it will continue to contribute to environmental preservation.



## Waste Reduction and Recycling

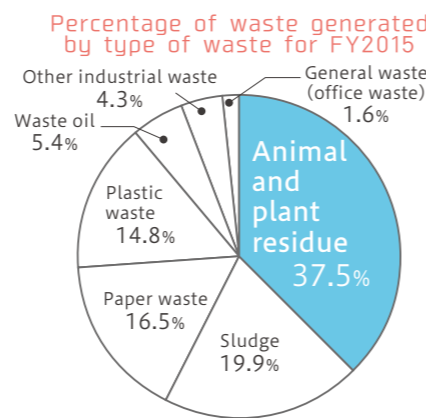
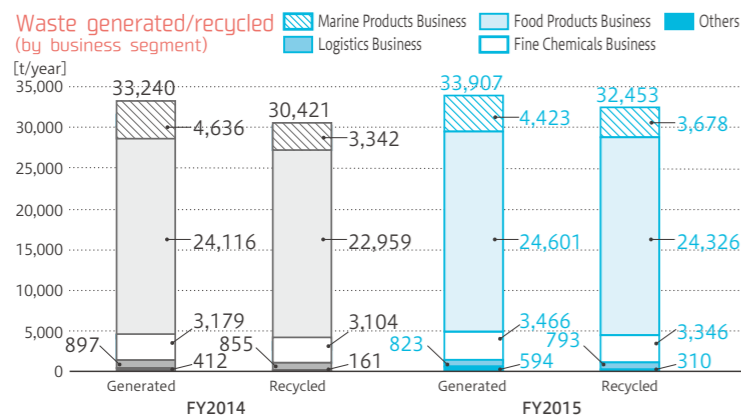
### Promoting the reduction and recycling of waste through the 3Rs

Nissui is reducing and recycling waste generated through its business operations by practicing the 3Rs\* throughout the Group in order to promote the most effective use of finite natural resources. All of its plants in Japan are aiming for zero emissions.\* Additionally, we are continuing efforts to reduce and recycle container packaging waste.

\* 3Rs: An acronym for Reduce, Reuse, and Recycle, this keyword was introduced in Japan's Basic Law for Establishing a Recycling Based Society in 2000 and is used in reference to activities for reducing waste and garbage.  
\* Zero emissions: Nissui's initiatives aim at recycling 99% of waste

**Waste generated/recycled** Target 5.8% reduction from FY2014 Performance 2.0% increase over FY2014

The amount of waste generated in fiscal 2015 was 33,907 tons, an increase of 2.0% over the previous year. This increase is attributable to a large amount of waste products generated because they did not meet quality standards during the production process. The recycling rate for fiscal 2015, on the other hand, was 95.7%, an improvement of 4.2 percentage points compared to the prior fiscal year. The breakdown of waste by type shows that animal and plant residue was the largest amount at 37.5%, followed by sludge at 19.9%, paper waste at 16.5%, plastic waste at 14.8%, waste oil at 5.4%, other industrial waste at 4.3%, and general waste (office waste) at 1.6%. Six out of our nine plants achieved zero emissions.



### Initiatives to reduce waste

#### Nissui's initiatives introduced at the Minna-to 3Rs Exhibition in Minato-ku, Tokyo (Oct. 2015, Feb. 2016)

Nissui participated in the Minna-to 3Rs Exhibition organized by the Minato City Hall and held at the City Hall in October 2015 and Minato City Eco-Plaza in February 2016. Nissui promoted understanding of its efforts to reduce waste using panels that introduced its switch to eco-clips for seafood sausage (instead of metal ones), removal of plastic wrap in small boxes of character-themed sausages, and initiatives to reduce waste loss through small-group activities in production plants.



Display at the Minato City Hall

#### Reducing spinach waste through small-group activities (Mogami Foods Co., Ltd.)

Mogami Foods, a Group company, has reduced waste from its "Three Kinds of Spinach Side Dishes," a frozen food product that is left out to thaw, via small group activities. By attaching a jig to production equipment to stop the serving cups from moving and prevent the spinach from sticking to the conveyor belt, it reduced wastage by 0.11 – 0.62%.



Investigating jigs

#### Reducing waste by installing a garbage disposal unit (Chilly Co., Ltd.)

Chilly, a Group company, has substantially reduced its food waste by using a garbage disposal unit. The garbage disposal unit breaks down plant residue using an agitator with a mushroom bed in it. Installed in November 2014, with improvements made to the mushroom bed the unit today can process 100 kg per day, which has led to a waste reduction of 32.9 tons per year.



Garbage disposal unit

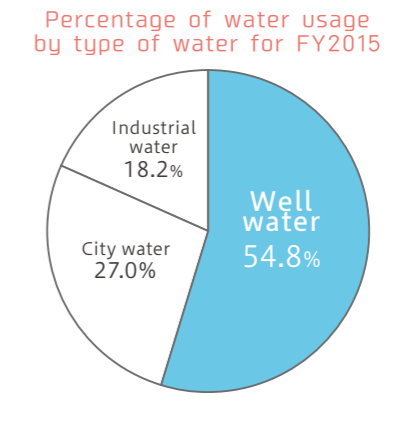
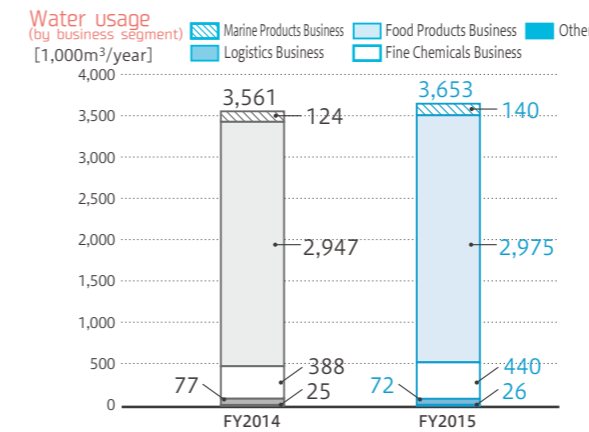
## Water Usage Reduction

### Protection of finite water resources: A mission of the Nissui Group

Water is a vital resource for people's lives and society. It is also the source of the marine products that are Nissui's business. In order to protect finite water resources, the Nissui Group is taking steps to systematically reduce usage by conserving and recycling water at its plants.

**Water usage** Target 2.7% reduction from FY2014 Performance 2.6% increase over FY2014

Water usage in fiscal 2015 was 3,653 tons, up 2.6% over the previous fiscal year. In terms of business segments, the Foods Products Business used 81.4% of all water used. Water usage increased despite a decline in production volume, and so Nissui will continue striving to save water by improving cleaning methods and visualizing water usage by installing flow meters. A breakdown of the source of water indicates that 54.8% came from well water, 27.0% from city water, and 18.2% from industrial water.



### Initiatives to reduce water usage

#### Water usage per production unit reduced by 3% by changing ways of using water in manufacturing processes through small group activities (processed foods plant at Himeji General Plant)

The Nissui Himeji processed food plant is working on reducing water consumption through small group activities. By installing instantaneous flow meters that show how many liters of water per minute are used in a process and integrating flow meters for checking the total daily water usage, and measuring precisely, we can visualize water usage per process and reduce it.

In the process of forming *chikuwa*, we used to continually drip water onto the skewers to create a clear twist pattern after wrapping the fish paste around the skewers. We improved the process by attaching a water-containing sheet that allows the formation of nicely shaped *chikuwa* with only the moisture of the fish paste itself, eliminating the need for a continual drip of water. As a result, we achieved 3% water savings per unit of production.



An instantaneous flow meter that shows how many liters of water per minute are used



Chikuwa forming process



Integrating flow meters for checking the total daily water usage

## Contributing to Local Communities and Society

# Contributing to the development of local communities and future generations by carrying out activities unique to the Nissui Group

As a corporate group that creates diverse forms of value using marine resources, the Nissui Group will strive, based on its Declaration on Action of CSR, to revitalize local communities and nurture future generations through initiatives such as popularizing seafood consumption among children and various activities aimed at harmonious coexistence with local communities.

### Initiatives to popularize seafood consumption

#### Plant tours to increase understanding of the benefits of seafood consumption

We want children to become fond of eating fish via their experiences with food production sites from childhood. Accordingly, the Nissui Group provides plant tours for local elementary schools. At the Himeji General Plant, elementary school students got a close-up look at how *chikuwa* is made and learned through this experience about the making of safe and secure products.



Touching fish paste that is wrapped around skewers

#### Fish masters visit elementary and nursery schools

The Nissui Group's Yamatsu Suisan Co., Ltd., has been conducting the "Eat Fish Project," an effort to promote seafood consumption, since September 2013. As part of that effort, Yamatsu Suisan's "fish masters" visited local elementary and nursery schools in Niigata Prefecture. In conversational classes, the children asked lots of questions and got very excited when touching the live fish.



Learning while eating: Using grilled fish to learn where the bones are

### "Umi to Sakana Competition" Children's Research and Artwork Contest

(co-sponsored by Nissui, and sponsored and organized by Asahi Shimbun Company and Asahi Gakusei Shimbunsha)

#### 34th "Umi to Sakana Competition" Children's Research and Artwork Contest, in which around 30,000 children participated

The 34th "Umi to Sakana Competition" Children's Research and Artwork Contest was held in 2015. This year there were 29,736 competition entries (31,741 entries last time) from 29,776 children at elementary schools and groups across Japan as well as Japanese schools abroad. Many of the entries this year were works expressing what the children had learned through their own experiences, and the level of competition was high in all categories. The two works on the right were selected for the Nippon Suisan Kaisha Award.



Creative category  
Sardine Catch at Kujukuri Beach



Research category  
Observation of marbled rockfish

#### Studying the wonders of "Umi to Sakana": Guest classes and hands-on learning

As part of the work to solicit entries for the "Umi to Sakana Competition" Children's Research and Artwork Contest, Nissui conducts school visits and provide summer hands-on learning opportunities. In fiscal 2015, Nissui visited ten elementary schools nationwide to teach on the theme of the structure of the fishes' bodies. In four of them, Nissui employees taught classes. In addition, a total of 35 elementary school students participated in the summer hands-on learning tour. Their eyes glowed as they toured the salmon processing process at Group company Yumigahama Suisan Kaisha, Ltd., and had the chance to get on board a model of the manned research submersible Shinkai 6500 at the Yokosuka headquarters of JAMSTEC.\*

\* Japan Agency for Marine-Earth Science and Technology. The Nissui Group's Nippon Marine Enterprises, Ltd., has been commissioned with operating and managing JAMSTEC's ocean and seafloor research ship.



Mr. Ohashi, Director of the Human Life Science R&D Center, leading a class about fish

## Communication with local communities

### The Nissui Group's Local Surroundings Cleanups

At the 10th Local Surroundings Cleanup held in June 2015, 1,176 employees participated from 83 group offices, and 1,128 employees from 93 offices participated in the 11th Cleanup held in October 2015. The cleanups were conducted with an awareness of communication with the local community and contribution to the environment and society.



Cleanup by Nissui Marine Industries Co., Ltd.

### Nissui Pioneer Exhibition: Contributing to the local community

The Nissui Pioneer Exhibition, which opened in Tobata-ku, Kitakyushu City as part of the commemorative activities for Nissui's 100th anniversary, continues to make contributions to educational institutions and the local community. Every fall, at the request of eight elementary schools in Tobata-ku, employees provide classes on the fishing and marine product processing industries. Additionally, many city residents visit the Nissui Pioneer Exhibition throughout the year.



Class for elementary school students in Tobata-ku

### Catching ayu (sweetfish) by hand at a family tour (Nissui Anjo Plant)

The Nissui Anjo Plant holds tours for employees' families. In fiscal 2015, the plant fostered interaction by holding fun events such as catching *ayu* (sweetfish) by hand and tasting *shaomai*, croquettes, and other products made at the plant.



Tasting foods made at the plant



Catching ayu by hand

### Participating in "urban development with flowers" (Nissui Kashima Plant)

Since fiscal 2013, the Nissui Kashima Plant has been participating in Kamisu City's flower planting activities aimed at expanding the circle of contact among people through the planting of flowers. In fiscal 2015, employees and their families took part on May 30 and October 31. They cooperated in creating a beautiful city by planting colorful flowers on Flower Road in front of Kashima Central Hotel.



Getting good at planting pots

### Collecting PET bottle caps

This activity, which began at Nissui's head office in fiscal 2009, spread to other business sites. At Himeji General Plant, activities such as making the Nissui logo out of bottle caps make it easy for employees to participate. The collected caps are sold through an NPO and the proceeds are used to purchase vaccines, etc. In fiscal 2015, Nissui's head office collected 51,859 caps and Mogami Foods Co., Ltd., collected 26,553 caps, with the proceeds allocated for purchasing polio vaccine.



President Hosomi finishing a bottle cap artwork at Himeji General Plant

### Participating in the activities of Second Harvest Japan

Since fiscal 2008, Nissui has been participating in the activities of Second Harvest Japan, an NPO that provides food to people in need. Second Harvest Japan plays the role of a food bank that connects foods that cannot be sold, for instance when the outer box is damaged, with people who cannot get enough food. In fiscal 2015, Nissui donated about 3.5 tons of frozen foods with the help of Nissui Logistics Corporation and Carry Net Co. It will continue to do this in the future.



Second Harvest Japan delivering food to welfare facility

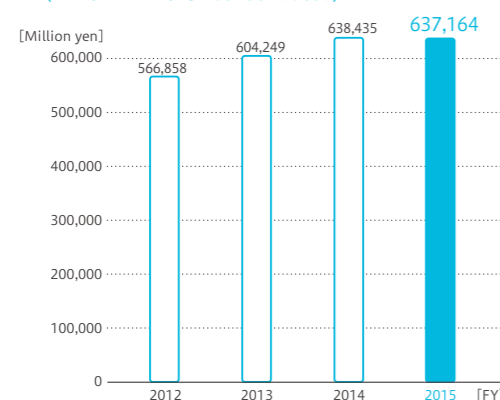


## Company Overview (As of March 31, 2016)

- Company Name** Nippon Suisan Kaisha, Ltd.
- Head Office** Nishi-Shimbashi Square, 1-3-1, Nishi-Shimbashi, Minato-ku, Tokyo 105-8676 Japan
- Founded** 1911
- Established** 1943
- Capital** 23,729 million yen
- Main Businesses** Marine Products Business: Fishery, aquaculture, purchasing, processing and sales of marine products (fresh fish, frozen fish, oils and fats [fish oil] and meal [feed])  
 Food Products Business: Development, manufacture and sales of frozen prepared foods, shelf-stable foods, and other processed foods (seafood sausage and ham, *surimi*-based products, chilled foods and seasonings)  
 Fine Chemicals Business: Manufacture and sales of general pharmaceuticals, pharmaceutical ingredients and health foods  
 Logistics Business: Frozen and refrigerated storage, transport of frozen and refrigerated freight
- Employees** 1,116 (non-consolidated), 8,466 (consolidated)

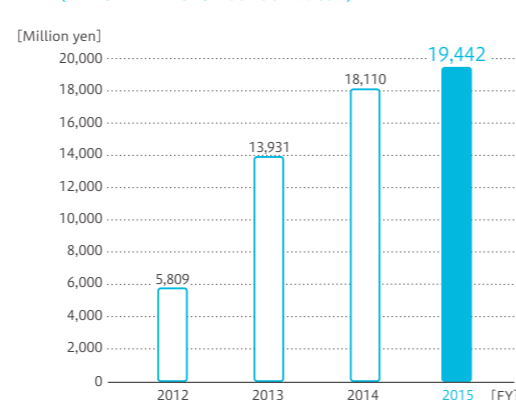
### Sales

(FY2012-FY2015: Consolidated)

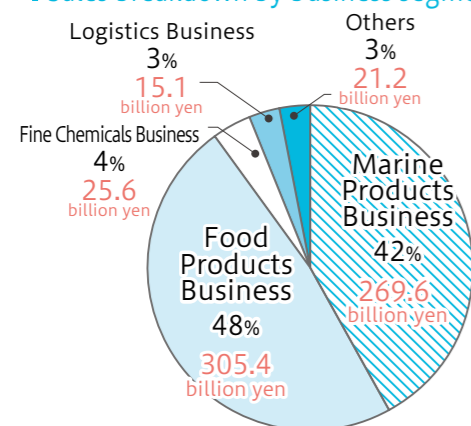


### Operating income

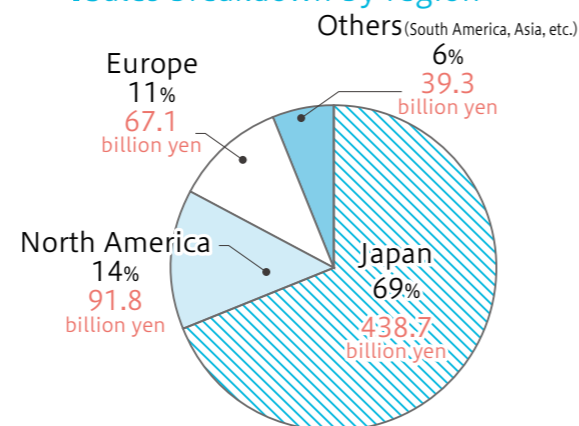
(FY2012-FY2015: Consolidated)



### Sales breakdown by business segment



### Sales breakdown by region



### Editorial Policy

- Report objective** This report is published to provide information on the environmental initiatives and newly launched CSR initiatives of Nippon Suisan Kaisha, Ltd., to its stakeholders.
- Report period** The report mainly covers activities conducted from April 1, 2015, to March 31, 2016, but includes some content regarding events in April 2016 or later.
- Report boundary** This report covers Nippon Suisan Kaisha, Ltd., (non-consolidated) and consolidated subsidiaries and certain other Group companies in Japan. The numerical data of environmental preservation activities represent a combined total of the business sites of the Nippon Suisan Kaisha, Ltd., and its 24 consolidated subsidiaries in Japan.
- Referenced guidelines** Environmental Reporting Guidelines 2012 (Ministry of the Environment)
- Contact information for the organization publishing this report** Corporate Strategic Planning & IR Office, Nippon Suisan Kaisha, Ltd. Nishi-Shimbashi Square, 1-3-1, Nishi-Shimbashi, Minato-ku, Tokyo 105-8676 Japan  
 Telephone: +81-3-6206-7079 Fax: +81-3-6206-7080 E-mail: kankyoishiki@nissui.co.jp
- The Social and Environmental Report 2016 is also available on Nissui's website.  
 Japanese page: <http://www.nissui.co.jp/corporate.html>  
 English page: <http://www.nissui.co.jp/english/social/index.html>

## Third-Party Opinion

### My reading of the Nissui Social and Environmental Report 2016

The beginning of the report states that Nissui established a new CSR Section in its Corporate Strategic Planning & IR Office, in order to promote the CSR-based management advocated in its mid-term business plan, MVIP 2017. The management team declares its resolve to move forward with reforms. Also, the traditional Environmental Report has been made into a Social and Environmental Report, and the Group's CSR initiatives are introduced clearly via a special dialogue with an expert. Nissui's commitment to carry out its own unique form of CSR activities in partnership with stakeholders, including consumers, comes across.

It is highly commendable that Nissui is making efforts to create new products from food waste, as a way of dealing with food loss, which is a socially important issue. I am also gratified that the Group aims to contribute greatly to the health of the Japanese people, who are said to be eating less and less seafood, by commercializing "foods with function claims" that contain EPA and DHA, thus living up to its sense of mission to make full use of fish without waste. Nissui is constructing a new plant dedicated to EPA production, and it is giving consideration to

### Osakabe Masahiro

Professor, Graduate School, Tokyo University of Marine Science and Technology

#### Profile

Prof. Osakabe specializes in energy and environmental engineering. In 2002, he launched the Smart Study Group and announced his new energy concept. He is proposing a new system to address depopulation and aging, which have plagued the Tohoku region since the Great East Japan Earthquake. Prof. Osakabe also lent his insight to the accident analysis in the NHK TV program series "Meltdown," which has won numerous awards, including the Grand Prize of the Agency for Cultural Affairs Art Festival. He serves as president of the Blue Carbon Research and Development Organization and president of the Japan Boiler Association.



reduction of environmental impact, including the recovery and reuse of water and thermal energy emitted from manufacturing equipment and the use of LED lighting. This shows that Nissui is taking steady steps toward becoming a world-leading manufacturer.

Although EPA and DHA are extracted from fish, most of these come from fish ingesting and accumulating substances originally produced by phytoplankton. Since phytoplankton grows in a healthy coastal marine environment, it is especially important to give consideration to the forest and sea environments. I hope that Nissui will lead the way in business operations that have lower environmental impact.

The report also shows that Nissui is making steady progress on various initiatives such as establishing an environmental management system, reducing environmental impact through the supply chain, including a new logistics base, conserving biodiversity, and reducing CO2 emissions. I hope that Nissui's unique efforts, as seen in the last section on social contribution activities, to ensure harmonious co-existence with local communities will be developed further as important CSR initiatives in the future.

### Response to the Third-Party Opinion

We thank Professor Osakabe for his valuable comments.

We have been conducting CSR activities in various ways, such as social contribution activities and reducing environmental impact, but now we have officially launched a dedicated CSR organization and have decided to revise and advance those activities while receiving feedback from stakeholders.

Although the specific themes for our efforts are still under discussion, we recognize food loss as one important issue, as discussed in the dialogue. We consider it our mission to use fish without waste, and by improving "foods with function claims" that make use of fish oil, such as EPA and DHA, we will contribute to people's health while trying to make effective use of resources. We will also continue to work on environmental activities such as protection of forest and ocean environments. In September 2016, we held the second stakeholder dialogue on CSR. One piece of advice we received was to work on the "2030 Agenda for Sustainable Development" adopted at the United Nations Summit last year, not only in Japan but also from a global perspective.

Although our CSR efforts are only starting to ramp up now, we are determined to promote Nissui's unique CSR and fulfill our corporate social responsibility through dialogue with various stakeholders.

We would appreciate your continued guidance and encouragement in the future.

### Shinya Yamamoto

Executive Officer in charge of Finance and Accounting Department, General Affairs Department, Legal Department, CSR and Risk Management

