

A stylized illustration of a coastal landscape. On the left, a large, jagged rock formation is colored in shades of yellow and green. The middle ground shows a sandy beach curving along a blue bay. In the background, there are green hills and a lighthouse on a small island. The sky is light blue with white clouds and several white birds flying. The water is a vibrant blue with white waves and small blue fish.

Nissui Social and Environmental Report 2017

Issued December 2017

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Message from the President



Shinsuke Ohki
President & CEO
Nippon Suisan Kaisha, Ltd.
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The Nissui Group issued a CSR Action Declaration in March 2016, asserting our commitment to CSR-driven management. Thereafter, we solicited the opinions of stakeholders on a wide range of issues and company management also participated in the dialogue. In November 2016 we determined materiality in three areas. Then we created a structure to carry out activities in each area, and are pursuing specific solutions to the issues identified.

This report, the 2017 Social and Environmental Report, explains the process leading to the determination of materiality and the progress of the activities being conducted by each part of our organization. Through dialogues with stakeholders as appropriate and upon the advice of experts, the establishment of materiality themes and activities were collated as a third party opinion.

We manage our business on the basis of the 17 sustainable development goals (SDGs) and 169 targets established by the United Nations in 2015. As we rely on the bounty of the earth and sea, we have a particularly deep connection to Goal 14— Life below water

The Nissui Group is taking action on the materiality issues mentioned above, and pursuing activities to reduce environmental impact, including reducing CO₂ emissions, waste, and water use, and working toward zero emissions.

Our goal is to meet the expectations of our stakeholders and contribute to building a sustainable society.

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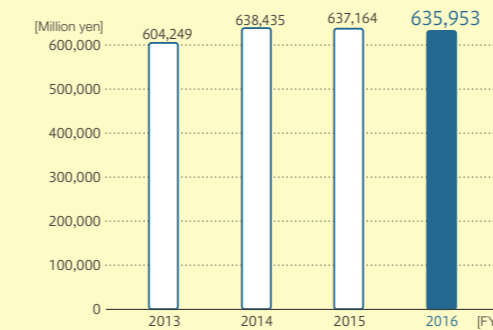
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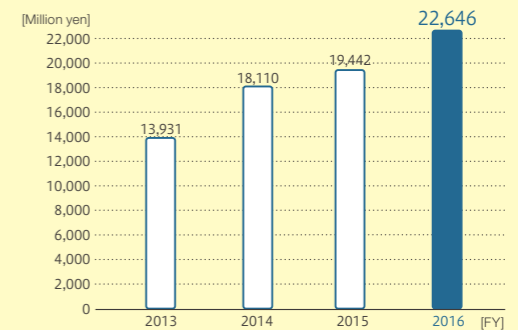
Company Overview (As of March 31, 2017)

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 30,685 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 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 1,142 (non-consolidated), 8,722 (consolidated)

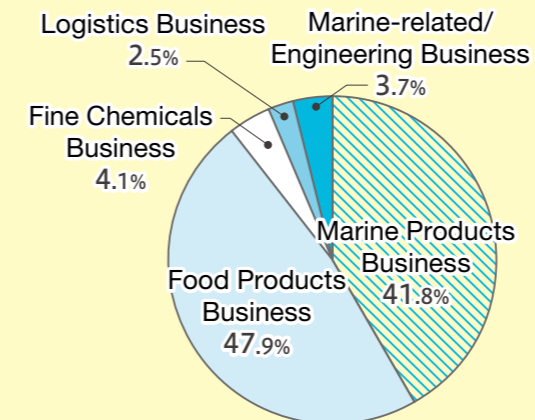
Sales (FY2013-2016: Consolidated)



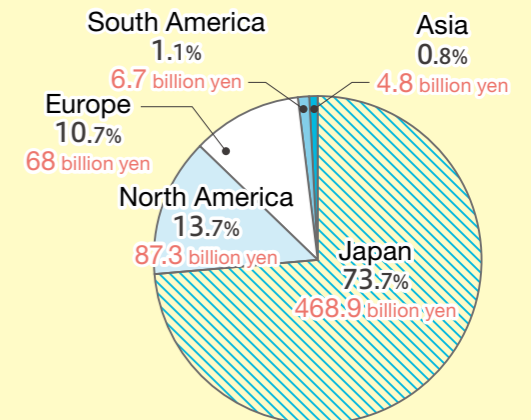
Operating income (FY2013-2016: Consolidated)



Sales breakdown by business segment



Sales breakdown by region

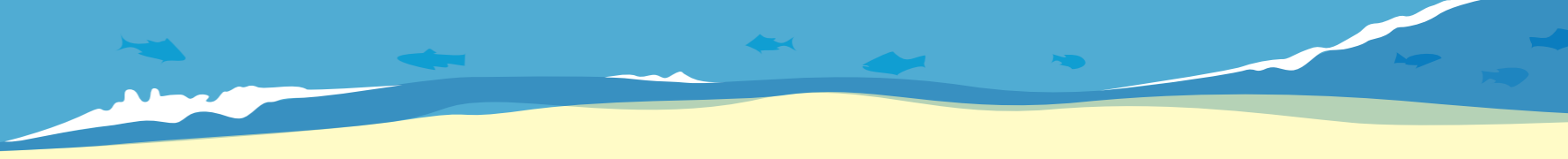


Editorial Policy

Editorial Policy	This report is published to provide information on the environmental and CSR initiatives of Nippon Suisan Kaisha, Ltd., to its stakeholders.
Report period	The report mainly covers activities conducted from April 1, 2016, to March 31, 2017, but includes some contents regarding events in April 2017 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	CSR Section, CSR Department, 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 Email: kankyoshiki@nissui.co.jp

The Social and Environmental Report 2017 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>



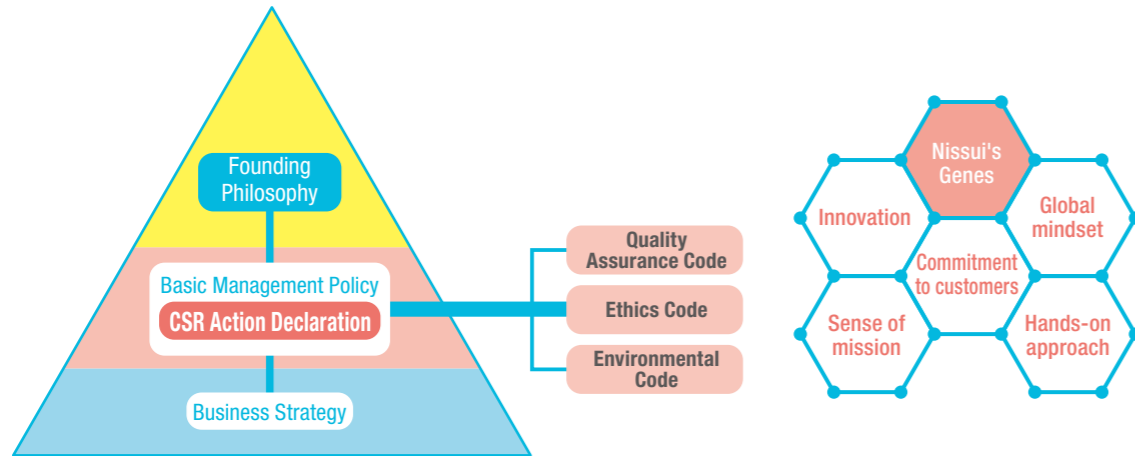
We will pursue CSR-driven management based on the "five genes" carried forward since the company's foundation.

The Nissui Group announced a CSR Action Declaration in March 2016, asserting a policy of CSR-driven management. We will pursue activities that contribute to society based on Nissui's "five genes."

Founding Philosophy

Water is to the water service what marine resources are to the production and supply of marine products.

As a fisheries company, Nissui's founding principle is to provide the people of the world with ocean resources in as fresh a condition as possible. In doing so, the Nissui Group is committed to contributing broadly to society based on the "five genes" inherited since its foundation.



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 lifestyle.

Environmental Code

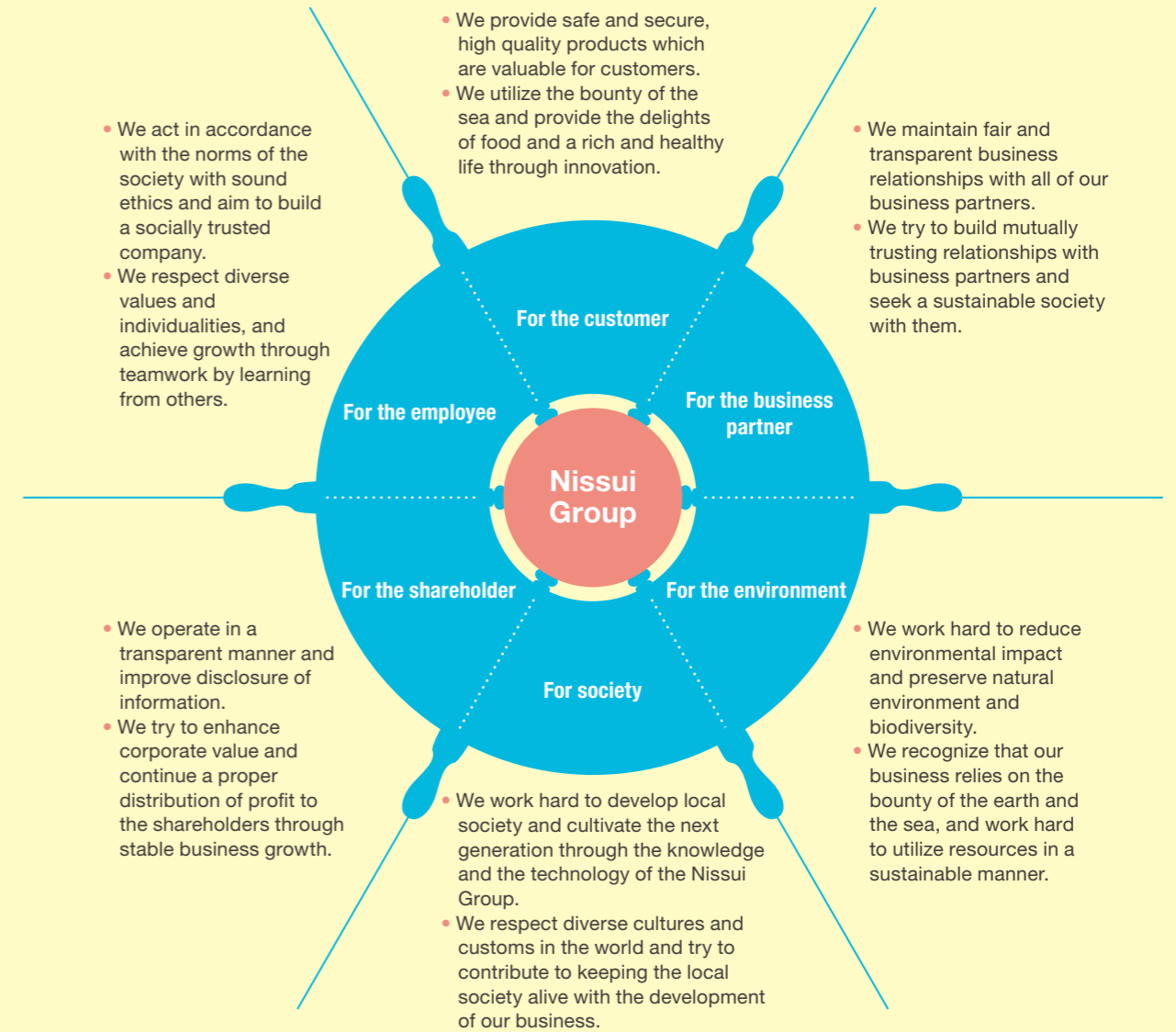
The basic corporate stance of Nissui, whose business relies on the bounty of nature, is to respect natural resources and interact with the earth and sea with gratitude. We shall engage in global business activities which enable us to live in harmony with the global environment, and make continuous efforts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

CSR Management Structure



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.



SDGs: sustainable development goals set by the United Nations

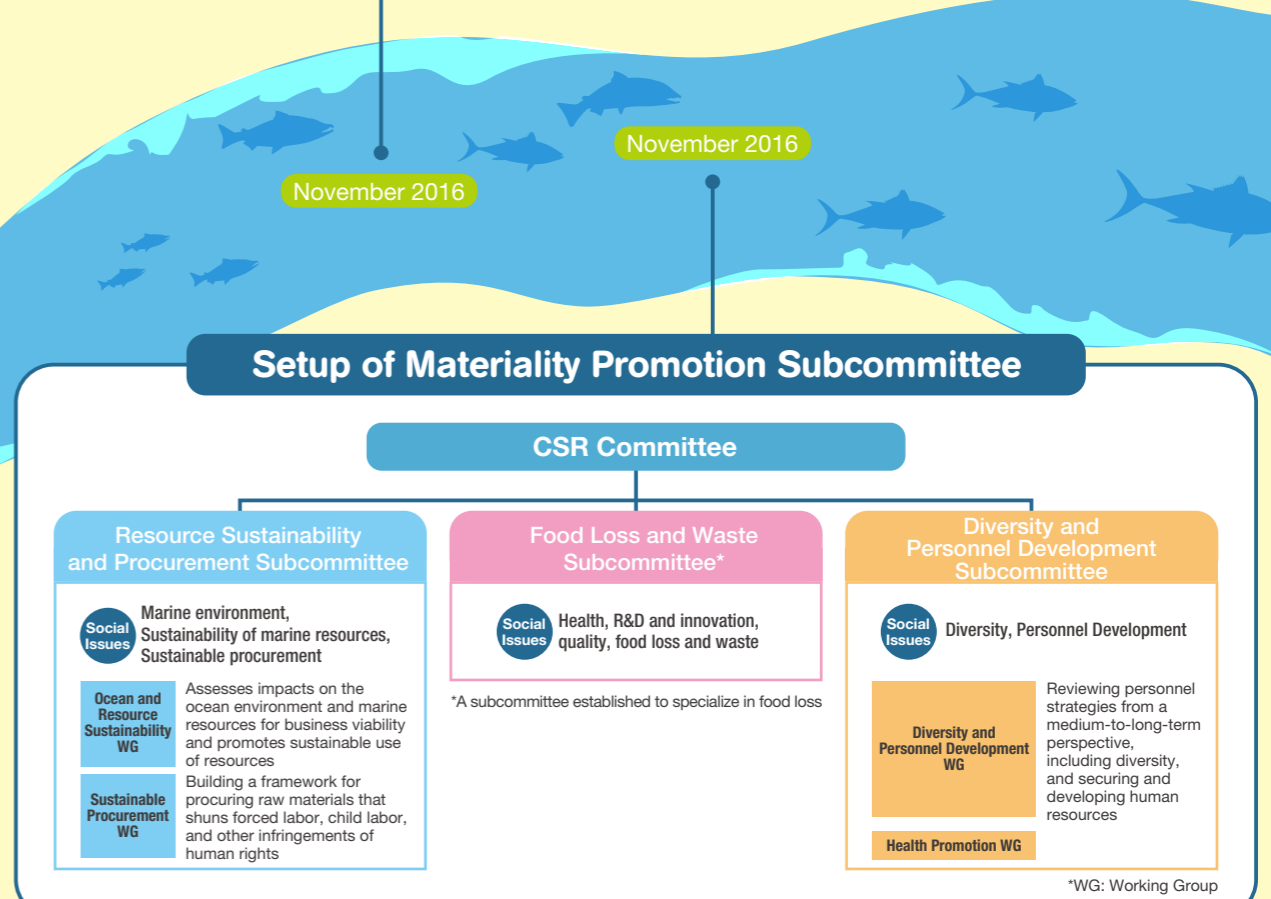
At the United Nations Sustainable Development Summit held in September 2015, sustainable development goals (SDGs) were adopted, composed of 17 goals and 169 targets. SDGs are developmental goals that all member countries will strive to achieve by 2030 in order to create a sustainable world. Partnerships are being sought with private companies, NGOs, and others for implementing the SDGs in development. The Nissui Group is taking action to achieve the goals, particularly Goal 14—Life below water. This report indicates which developmental goals are being addressed by the Nissui Group's activities in each section of the report using these icons. The Nissui Group will also take active measures going forward to achieve the SDGs.



Identification of Material Areas (Key Issues)

After assessing and reviewing the materiality priority of various issues to the Nissui Group's business and its stakeholders, we identified three material areas (key issues) that we will be addressing.

The Process of Identifying Key CSR Issues



Our CSR Initiatives

Identification of Material Areas (Key Issues)

Our CSR Initiatives

Identification of Material Areas (Key Issues)

Special Feature

Biofloc Farming of "Shirahime Ebi" ("Snow White shrimp")

Recirculating Aquaculture System (RAS) reduces environmental impact with no water discharge

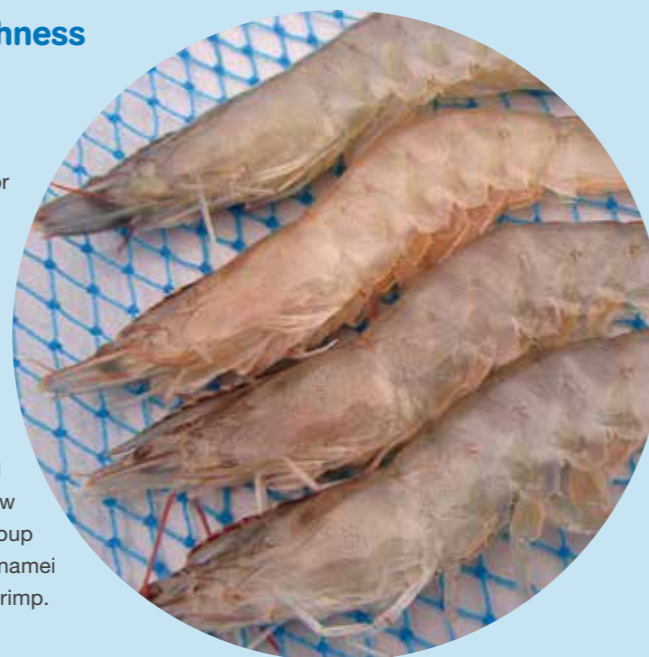
The Nissui Group has been helping to protect marine resources and ensure stable marine product supplies through various aquaculture projects in Japan and other countries. The group has begun its next challenge—biofloc farming of shrimp in the Kyushu region. Biofloc is a new aquacultural technology that turns conventional wisdom on its head.

Our report introduces this cutting-edge endeavor that reduces environmental impact and opens new avenues for the consumption of shrimp.

Creating a new category based on freshness and domestic production in Japan, a major shrimp-consuming country.

Japan is among the top five nations in the world in demand for shrimp. Most of that demand is for kuruma (Japanese tiger) prawn or vannamei (white) shrimp imported from Southeast Asia.

The primary type of farmed shrimp in the world is vannamei shrimp, with rising annual production reaching approximately 3.5 million tons. Japan imports about 160,000 tons, most of which comes frozen from Southeast Asia. In recent years, due to disease, both the production volumes and prices of vannamei have been unstable. Most of the shrimp farmed in Japan is kuruma prawn, with an annual production volume of a mere 1,300 tons. On account of this low volume, kuruma prawns are considered a luxury item. Nissui Group is now doing research to resolve issues involved in farming vannamei shrimp domestically to be able to commercially supply fresh shrimp.



▲ Shirahime shrimp-rearing tank covered by a greenhouse to maintain the breeding water temperature

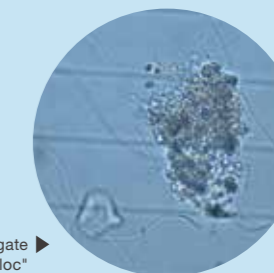
The start of trial shrimp farming in the warm climate of southern Kyushu.

The Nissui Group began doing research on the farming of kuruma prawns in 1933, the year in which it achieved artificial spawning for the first time in the world. In 1939, Nissui Group succeeded in setting up full-scale shrimp farming operations. More than 70 years later, in 2011, at the company's Oita Marine Biological Technology Center, research began on a new method of farming shrimp based on a completely different concept. The pilot aquaculture project finally began in December 2016 in Minami-kyushu, Kagoshima prefecture, which has a mild climate suited to the raising of Vannamei shrimp.

This type of shrimp is translucent and swims about freely in the water. Using the image of a fair-complexioned girl who has led a sheltered life, the name "Shirahime Ebi" ("Snow White shrimp") was created.



The biofloc that is formed ▶



▶ A bacteria aggregate or colony called a "biofloc"

The biofloc farming method introduces a natural water purification system into the rearing tank.

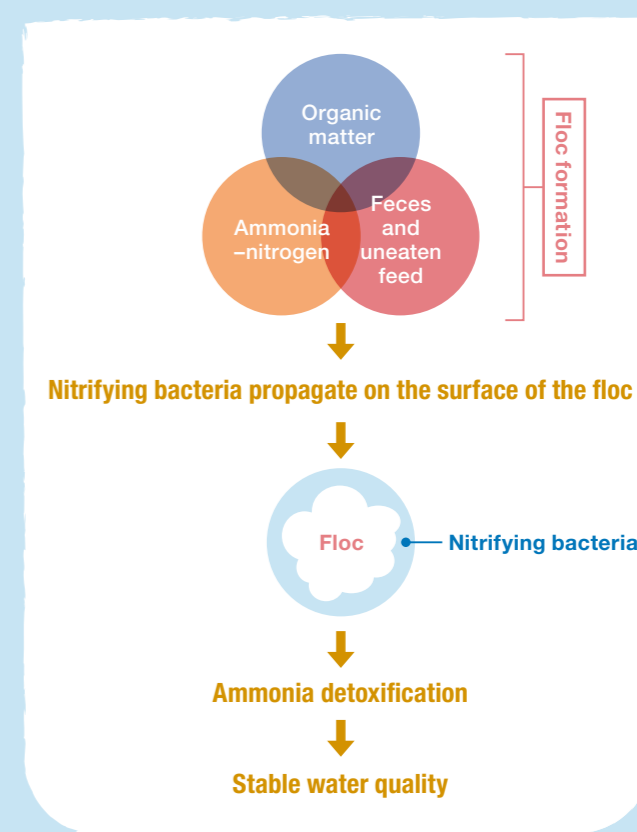
A rearing system with reduced environmental impact

Conventional inland shrimp farming uses either a flow-through or water circulation system. A flow-through system requires seawater to be constantly drawn in at a certain percentage to maintain water quality, so a huge amount of seawater is used and the impact on the environment is also high. A water circulation system requires a bacteria purification and sterilization facility as large as the water tank, so a great deal of energy is used and high cost is an issue.

With a biofloc aquaculture system, no purification equipment is used, and the water tank system is a closed loop, as shown in the diagram to the right. The ammonia in the flocs (aggregates of organic matter, feces, uneaten feed and ammonia-nitrogen) that form in the tank are detoxified by nitrifying bacteria, stabilizing the water quality. Because the system minimizes the amount of water used, there is less environmental impact attributable to wastewater, and it is possible to reduce the risk of infiltration from outside of disease-causing microbes. Only vannamei shrimp and some fish species can be reared under such conditions. Also, the vannamei shrimp are free to swim from the bottom of the tank to close to the water's surface.

Such system features have made it possible to raise Shirahime shrimp in a limited amount of space (water tanks) with high yield.

How Biofloc Farming Works



From Hawaii to Oita to Kagoshima—The Shirahime Shrimp-Farming Relay

The aquaculture of Shirahime shrimp starts with the importing of a "specific pathogen-free" (SPF) parent shrimp from Hawaii to avoid disease outbreaks. The parent shrimp are spawned at the Oita Marine Biological Technology Center. The larval shrimp are raised for 20 days until they weigh about 1 milligram; they are then transferred to our aquaculture research facility in Ei, Minami-kyushu. Here, they are raised for about 3.5 months until they are about 20 grams in size, then caught and packaged as Shirahime shrimp for test marketing.

Shrimp sales will begin in February 2017 and Nissui aims to ship 200 tons annually in 2018. If production can remain stable, the volume can be increased for full-scale distribution, to sell in higher amounts to meet market demand. Every day we are working with the aim of expanding sales throughout Japan.

*SPF: Specific pathogen free

Faces the beautiful coastline with a view of Mt. Kaimondake



Ei Aquaculture Research Center



▲ Oita Marine Biological Technology Center

Local production for local consumption, industry promotion, experiential learning—efforts in return for local support

Shirahime shrimp differ from imported vannamei shrimp in that they can be supplied in a very fresh state, so they are being test marketed as a high-quality (luxury) product for sushi restaurants, hotels, Chinese restaurants, and the like. To research the shrimp's taste and preparation methods, dishes are being created at local restaurants on a demonstration basis. The shrimp are getting high ratings from customers for their "sweet, tasty flavor."

There has been strong support locally in Minami-kyushu City, where the Ei Aquaculture Research Center is located. People are talking about marketing the shrimp as a local specialty product or offering it as a thank-you gift in the *Furusato Nozei* system of gifts for tax payments.



▲ Members of the Ei Aquaculture Research Center team

At the Oita Marine Biological Technology Center, employees participate in volunteer cleanups along the coastline near the facility as part of the Nissui Group cleanup campaign. Employees are hired locally; and tours of the facility are given to elementary school and junior high schools. Looking ahead, we aim to contribute to local production for local consumption, promote local industry, ensure job security, and provide a hands-on learning experience for schoolchildren.

Post-tour thank-you notes from students of Matsuura Elementary School in Saiki City



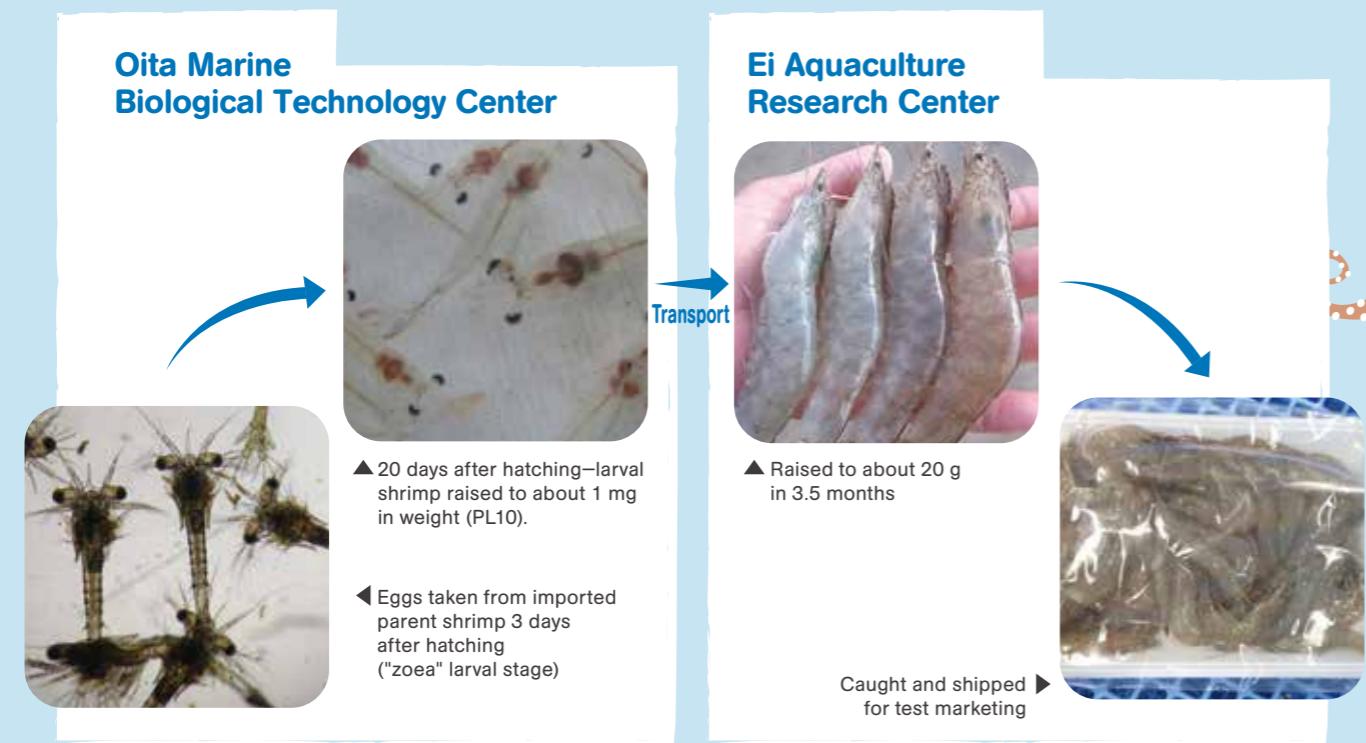
Members of the Oita Marine Biological Technology Center and Rinkai Kenkyu K.K., the company that runs the facility



▲ Students on tour from Tsurumi Junior High School in Saiki City



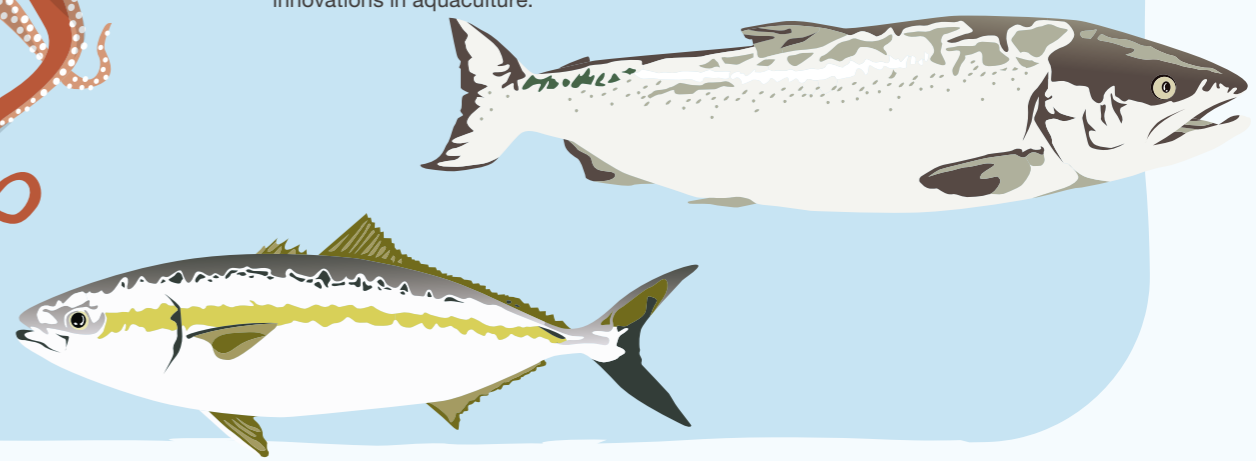
Low-environmental-impact, high-yield aquaculture of Shirahime shrimp



A new approach to aquaculture based in Oita, Kyushu.

The Nissui Group is innovating in new areas of aquaculture besides Shirahime shrimp. The Oita Marine Biological Technology Center has succeeded in developing methods to farm yellowtail and salmon, as well as octopus, which is known to be very difficult. For various species of fish the center conducts research on maturation control, breeding, egg and hatchling production technologies, as well as feed development and health management, all of which will contribute to new forms of aquaculture in the future.

The Nissui Group aims to achieve sustainable marine resource utilization, which will lead to future growth; we work constantly to raise the bar with new innovations in aquaculture.



Material Area 1

Preserve the bountiful sea and promote the sustainable utilization of marine resources and their procurement

The preservation of resources and resolution of labor-related human rights issues is called for when using and procuring marine resources. The Nissui Group is grateful for the bounty of the oceans and will continue to develop technologies that promote the sustainable utilization of resources in fishing, aquaculture, and related industries, to protect the environment and resources for the next generation. Also, we are working with our suppliers to implement sustainable procurement that maintains respect for human rights.

Social Issues

- Marine environment
- Sustainability of marine resources
- Sustainable procurement



Social Issue

Sustainable Procurement

We are working with our business partners to build a sustainable system for procuring raw materials and products that take into consideration human rights and the global environment.

Initiatives of the Sustainable Procurement Working Group

We have raised the following three issues with regard to building a procurement system for raw materials and goods (Nissui brand products) that incorporate CSR issues, including human rights and environmental protection.

1. Preparing a procurement policy and supplier guidelines
2. Building a system and setting targets and rules
3. Efforts aimed at concrete implementation

To achieve sustainable procurement, we have first clarified our basic approach to procurement with regard to legal compliance, human rights, the environment, and other considerations, expressed as our Basic Policy on Procurement. Also, in the process of working with business partners, Nissui has developed supplier guidelines and is building a follow-up system that includes a checklist for self-checking our degree of CSR success.

Nissui Group Basic Procurement Policy

The Nissui Group declares that it will appreciate the bounty of the earth and sea, and create diverse value through following the company's "five genes", carried forward since its foundation, and will try to solve social issues through the business activities covered in our CSR Action Declaration.

Based on that, the Nissui group developed its Nissui Group Basic Procurement Policy in order to meet the expectations of stakeholders, and to contribute to society when purchasing raw materials and products.

The Nissui Group is promoting procurement through relationships built on trust, with suppliers who understand and cooperate with this policy.

- (1) Procurement Policy**
 1. Suppliers and partners shall be selectively chosen, taking quality, cost, delivery timing, and service into consideration.
 2. The Nissui Group shall be open to new supplier candidates.
 3. Transactions shall be conducted with fair quality and price maintained by getting material safety data sheets and competitive quotes.
 4. The Nissui Group shall promote cost reduction in a positive manner on the condition of safety assurances and quality improvement.
- (2) Compliance, Procurement Ethics**
 1. The Nissui Group shall comply with laws and regulations of all relevant countries, including Japanese law and internal company rules.
 2. The Nissui Group shall fulfill its contracts faithfully with suppliers and partners.
 3. The Nissui Group shall understand the significance of information it obtains through transactions and preserve the confidentiality of such information.
 4. The Nissui Group shall build relationships of trust with suppliers and partners through fair, open and transparent procedures.
 5. Corrupt or dishonest behavior, including granting and/or receipt of inappropriate benefits, is entirely rejected by the Nissui Group.
- (3) Awareness of Environmental Preservation**
 1. The Nissui Group shall promote purchasing of raw materials and products that take environmental preservation of the Earth and local regions into consideration.
 2. The Nissui Group shall seek confirmation that the raw materials and products it purchases have been harvested or produced having regard to principles of sustainability, biodiversity and of preservation of ecosystems.
 3. The Nissui Group shall purchase raw materials and products from suppliers that are conscious of cyclical usage of resources and energy.
- (4) Respect for Human Rights**
 1. Suppliers are requested to provide raw materials and products that are not associated with forced labor, child labor or the inhuman treatment of employees.
 2. The Nissui Group shall purchase raw materials and products provided by suppliers who ensure that their working environments respect employees' freedom of association and are free from discrimination.
 3. The Nissui Group shall purchase raw materials and products produced in safe and clean work environments.
- (5) Collaboration with Suppliers and Partners**
 1. The Nissui Group shall promote close collaboration with suppliers as important business partners.
 2. The Nissui Group shall ask suppliers and partners to acknowledge this policy and support and cooperate with the principles set out in this policy.
 3. Various proposals by suppliers and partners are examined and seriously considered by the Nissui Group.

• Requests to Suppliers and Partners
The Supplier CSR Guidelines have been drawn up by compiling requests by the Nissui Group to promote CSR procurement. Any actively cooperative suppliers and partners are kindly requested to review this policy and follow the principles set out in it.

Social Issue

Sustainability of Marine Resources

We aim to minimize the impact of our business activities on the ocean environment and marine resources and promote the sustainable utilization of resources.

Initiatives of the Ocean and Resource Sustainability Working Group

We are engaged in studying how to ensure the sustainability of the fish species we handle as marine resources. We have been conducting a one-year fact-finding survey in FY2016 (2016 overseas) that includes our group companies. Since 1974, the Food and Agriculture Organization of the United Nations (FAO) began classifying the state of the world's marine stocks versus trends in wild-caught seafood harvests at three levels—overexploited, fully exploited, and underexploited. Based on this FAO status categorization, we are assessing the sustainability of the fishery stocks the Nissui Group handles, and are taking measures with regard to fish species whose stocks are problematic. We are aiming to be able to assure the sustainability of all products we sell by 2030.

Cooperation with NGOs/NPOs

Signing SeaBOS

Nissui joined in the Keystone Dialogues organized by Stockholm University in November 2016, along with 7 other major global seafood producers, with the active participation of Sweden's Crown Princess Victoria. Nissui took part in the planning of the Seafood Business for Ocean Stewardship (SeaBOS) initiative that was put forward at this conference, and signed the initiative on December 14, 2016. Nissui is cooperating with scientists and other leading firms in the global seafood business to address issues involved in maintaining a sustainable marine products business.

* SeaBOS: Seafood Business for Ocean Stewardship



Photo by Jean-Baptiste Jouffray

Participation in the GSSI

The Global Sustainable Seafood Initiative (GSSI) is an international partnership, and Nissui is the first Japanese company to become a Funding Partner. The Marine Stewardship Council (MSC), which promotes sustainable fisheries, was the first global sustainable seafood certification program to achieve recognition from the GSSI for its rigor and reliability. Nissui is also MSC-certified, and we will continue contributing to sustainable marine products as a GSSI partner.

* GSSI: Global Sustainable Seafood Initiative

Nissui's Ongoing Activities as a Corporate Member of WWF Japan

Nissui continues to be active as a corporate member of the public interest foundation World Wide Fund for Nature (WWF) Japan. The WWF is an organization that works in over 100 countries to protect the global environment, protect biodiversity, and reduce environmental impacts. Sustainable Seafood Week was held from June 5 to June 11, 2016 to call for the use of seafood certified and labeled as sustainable by the Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC). The week was organized by WWF Japan and the MSC Japan Office. Nissui participated in the campaign as an endorsing company.

* WWF: World Wide Fund for Nature



Promoting Aquaculture

Offshore Verification Test for a Large-scale Open Water Aquaculture System Yumigahama Suisan (Sakaiminato)

The Nissui Group company Yumigahama Suisan worked with Nippon Steel & Sumikin Engineering Co., Ltd. on the implementation of verification testing for a large-scale open water aquaculture system to raise coho salmon between December 2016 and May 2017. The test was conducted on a salmon farming system built three kilometers offshore in which feed is automatically supplied to fish cages from a 300-square-meter platform-mounted feeding device. The system involves the use of high-volume feed storage and pumping technology implemented with extended subsea piping for the remote control of fish feeding. The Aqualingual® automatic feeding machines developed by Nissui installed in the pens measure fish appetite using built-in sensors and optimize the feed amount to reduce the waste of leftover feed, helping to minimize effects on the marine environment.



The Nissui Group's Aquaculture-Related Facilities and Farms



Biodiversity Preservation

The Nissui Group's Action Policies in its Environmental Code expresses the company's commitment to protect the environment in order to preserve biodiversity. The Nissui Group also promotes biodiversity preservation activities in forests, rivers, and oceans.

Hands-on Preservation at Utsunuki Field, Hachioji

On June 11, 2016, the fourth hands-on village woodlands preservation class was held at Utsunuki Field, Hachioji, adjacent to the Nissui Tokyo Innovation Center. Nissui employees and their families—55 people in all—learned about the diverse creatures in the woodland under the guidance of the Utsunuki Green Society. They participated in cutting bamboo and weed undergrowth. "I now understand very well which bamboo you need to cut to preserve the woodland," said one participant.



Tama River Tidal Flat Biodiversity Seminar

On October 16, 2016, a seminar on biodiversity was held on the tideland at the mouth of the Tama River. Employees and their families—62 people in all—learned from members of the NPO Tamagawa Tideland Network about the creatures living in the tidal flats and the importance of preserving their habit. That day there was a spring tide, which offers the greatest range between high and low tide, so the tidal flat was exposed and the weather was perfect for observation. "It was unbelievable how many crabs and shrimp I saw there," said one participant.



Social Issue

Marine Environment

We are working to reduce the impact of our business activities on the oceans and global environment.

Three-Year Plan to Reduce Environmental Impact

The Nissui Group has set these reduction targets and aims to achieve them over the three-year period from fiscal 2016 to 2018—2% in CO₂ emissions, 1% in total water usage, and 3% in total waste production from FY2015 levels.

Environmental Impact Reductions through the Supply Chain

Flow of Resources and Energy in FY2016

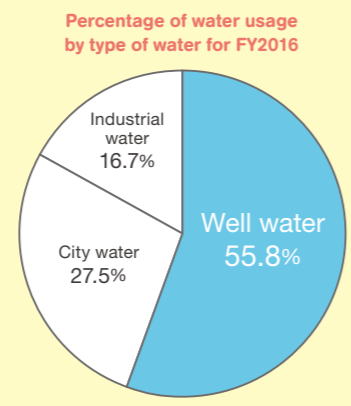
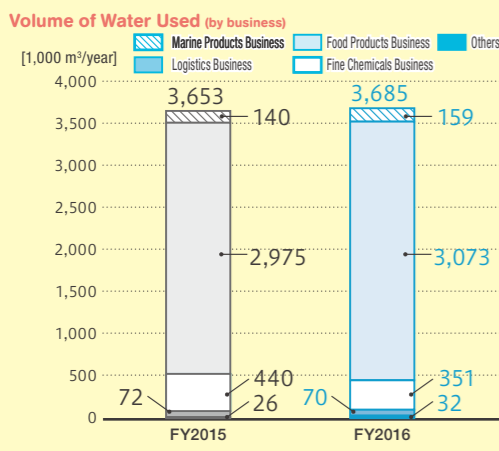


INPUT		OUTPUT	
Water resources	3,685 million m ³ of city water, well water and industrial water	Waste	Generated: 34,487 tons Recycled: 33,101 tons (Recycling rate: around 96%) Amount processed/disposed: 1,386 tons
Energy	Purchased electricity: 205.979 million kWh Heavy fuel oil A: 2,209 kL Kerosene: 1,0401 kL Natural gas: 1,770 t Diesel: 2,689 kL City gas: 16.824 million m ³	Drained into water systems/sewers	Animal and plant residue, waste oil and sludge Effluent and BOD, etc.
	LPG: 2,392 tons Gasoline: 364 kL	Emitted into the atmosphere	CO ₂ and other gases: 171,505 tons-CO ₂

▶▶▶ For data on volume of waste reductions and recycling, please see page 17. ◀◀◀

Water Usage Reduction Target 1% reduction from FY2015 (to FY2018) Progress 0.9% increase

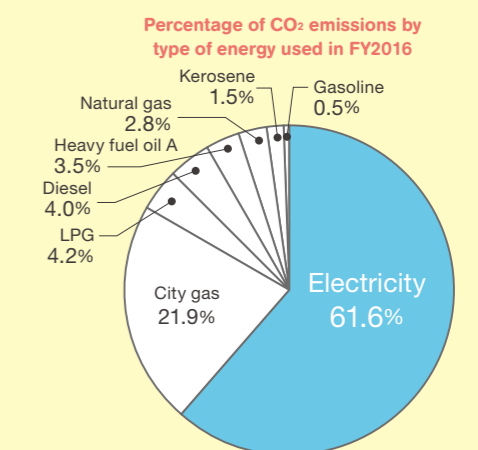
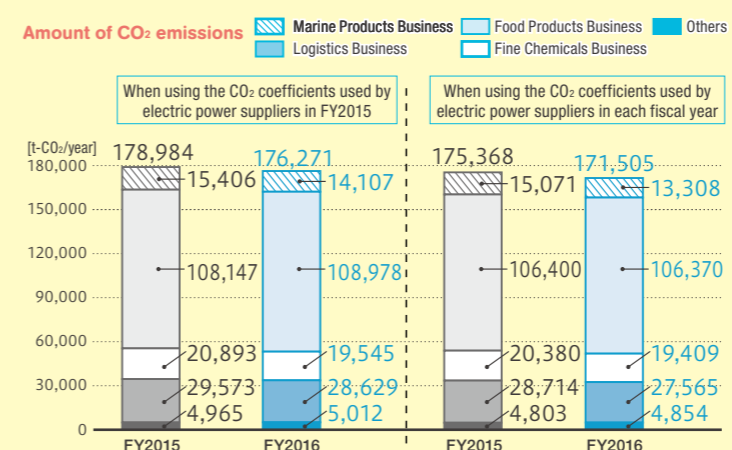
To protect the source of all sustainable marine resources—water—the Nissui Group has installed flow meters to make water usage more visible at its plants as part of ongoing efforts to conserve and recycle water, and in other ways reduce the total volume used. Water usage increased in FY2016, partly due to increased production, up approximately 0.9% from the preceding fiscal year. We will continue striving to save water going forward.



A new well was dug at the Nissui Anjo Plant. The additional well will improve water quality and reduce the number of times the filter needs to be cleaned (backwashed) after pumping up, thereby greatly reducing the amount of water used.

Amount of CO₂ emissions Target 2% reduction compared to FY2015 level (to FY2018) Progress 2.2% reduction

The Nissui Group has established numerical targets and is systematically working to reduce CO₂ emissions, one of the factors in global climate change. For the fiscal year 2016, the Nissui Group's CO₂ emissions stood at 171,505 t-CO₂ a reduction of 2.2% from FY2015.



Initiatives to reduce CO₂ emissions

Reducing CO₂ emissions by optimizing aeration time (Mogami Foods Co., Ltd.)

Our group company, Mogami Foods, minimized the aeration time of its wastewater treatment aeration tank to reduce CO₂ emissions by 11 t-CO₂ in FY2016 from the previous fiscal year.



Reducing CO₂ through efforts such as LED lighting (Kitakyushu Nissui Co., Ltd.)

The No. 2 Plant at Kitakyushu Nissui has switched over to LED lamps for lighting in the plant, adjusted the amount of city gas used for the *chikuwa* baking oven, and taken other measures to reduce CO₂ emissions, achieving a 5.2% reduction from FY2016.



Nissui Included in SNAM Sustainability Index

In August 2012, Sampo Japan Nipponkoa Asset Management Co., Ltd. (SNAM) launched its SNAM Sustainability Index, a socially responsible investment product for institutional investors that invests broadly in companies high rated in terms of ESG (environmental, social, governance) issues. Nissui was selected for inclusion in the SNAM Sustainability Index, a selection that is reviewed every year, based on assessments provided by the "Buna no Mori (Beech Forest) Environment Questionnaire" and the "IntegreX Survey ii".



Material Area **2**

Contribute to a healthy lifestyle with food safety and security

Progress on Efforts toward Key CSR Issues

Material Area **2**

Different issues plague different parts of the world when it comes to health. In some places, people suffer from hunger due to regional conflict or poverty, while advanced nations face such issues as societal aging, over-nutrition, and food loss. Marine products are a valuable food resource and are recognized worldwide as a healthy food for their functional components.

The Nissui Group has been developing technologies and innovations to utilize the bounty of the sea for over 100 years. We aim to utilize limited resources effectively and without waste to enable people to experience the delights of food and a rich, healthy life.




- Social Issues**
- Health
 - R&D and Innovation
 - Quality
 - Food Loss and Waste



Social Issue **Food Loss and Waste** We are working to reduce waste in a wide range of food chain processes.

Initiatives of the Food Loss and Waste Subcommittee

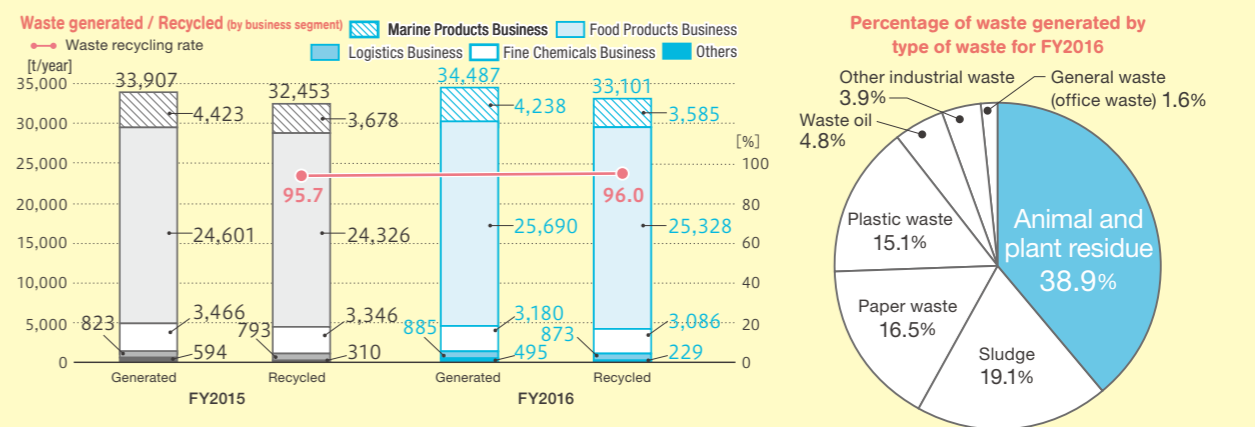
One of the measures that Nissui has taken in Material Area 2 is to establish a Food Loss and Waste Subcommittee, whose job is to help reduce food losses throughout the entire food chain. In fiscal 2016, the subcommittee first took measures to ascertain the total food loss across the entire Nissui Group, and, going forward, will take the necessary action to make those food losses visible, conduct a fact-finding mission aimed at reducing food loss, and decide on reduction targets. The subcommittee is also running an in-house campaign—"Let's eat everything on our plates!" The plan is to gather reports with photos showing people and their empty plates at parties, formal dinners, and similar gatherings. The idea is to have fun and raise awareness among all employees at the same time.



▲ Report for the in-house "Let's eat everything on our plates!" campaign

Waste Reduction and Recycling Target 3% reduction from FY2015 (to FY2018) Progress 1.7% increase


The amount of waste generated in fiscal 2016 was 34,487 tons, an increase of 1.7% over the previous year, while the recycling rate improved slightly to 96%, up by 0.3%. The breakdown of waste by type shows that animal and plant residue was the largest amount at 38.9%, indicating the need for further reduction measures.



Initiatives to reduce waste

Nissui's initiatives introduced at the Minna-to 3Rs Exhibition in Minato-ku, Tokyo

Nissui participated in the Minna-to 3Rs ("3Rs with Everyone") Exhibition organized by the Minato City Hall. In fiscal 2016, the exhibition was held from October 14 to 24, 2016 and from February 7 to 12, 2017. Using hand-made panels, Nissui promoted its ecological efforts to protect the ocean such as garbage sorting, along with its "Eco-Letter" internal newsletter.



Social Issue **Quality** Ensuring food safety through international standards certification for food safety management systems.

Quality Control Initiatives

The Nissui Group has received FSSC 22000 international certification for its food safety management system, implemented at six directly run plants and three group companies, all in Japan, in the business areas of food products and fine chemicals. FSSC 22000 certification is based on adherence to a systematic HACCP approach (Hazard Analysis and Critical Control Points), and covers a broad range of requirements for food safety. This international certification system is fully recognized by the Global Food Safety Initiative (GFSI), a collaboration between the world's leading food safety experts from retailer, manufacturer, and food service companies. It is becoming the global standard for food safety, and food manufacturers in Japan and around the world are working to gain certification. Nissui plans to acquire FSSC 22000 certification for every one of its production locations in the corporate group.

Progress on Efforts toward Key CSR Issues

Material Area **2**

Social Issue

Health, R&D and Innovation

We are contributing to healthy lifestyles through technologies and innovations that utilize the bounty of the seas.

Initiatives in Health, R&D and Innovation

The Nissui Group has been focusing on functional lipids such as EPA* and DHA* contained in fish, having started researching the health effects of EPA as far back as 1978. The group established techniques for extracting high-purity EPA from fish oil in 1980. We have developed and sell supplements containing EPA/DHA, contributing to people's lives in a way that only the Nissui Group can. *EPA: eicosapentaenoic acid *DHA: docosahexaenoic acid

Promoting Healthy, Delicious Eating 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. Hoping to give people delicious and easy ways to get EPA/DHA in various situations, Nissui developed FOSHU products made with EPA/DHA (under the Japanese government classification "Foods For Specified Health Uses"). We began selling the "Umi Kara Kenko EPA Life" series and other Foods with Functional Claims* with the amount of EPA/DHA contained being indicated by the number of stars (★). In this way we are promoting healthy daily habits.



* "Foods with functional claims" is a category under Japanese law regulating foods with labels that make claims of functionality based on scientific evidence obtained by the manufacturer.

Kashima Pharmaceutical Plant Completed as Nissui Aims to be the World's Leading Manufacturer of EPA

Construction was completed on the Kashima Pharmaceutical Plant on May 11, 2017. This plant will be dedicated to the production of EPA as a pharmaceutical raw material. It features state-of-the-art production equipment for extracting and purifying high-purity EPA developed by Nissui over the years. The plant will comply with cGMP* regulations, and will go into operation in January 2018. The plant will enable Nissui to meet demand in globally expanding markets as we aim to be the world's top EPA manufacturer.



* cGMP: current Good Manufacturing Practice—regulations enforced by the US Food and Drug Administration (FDA) for the manufacturing and quality control of pharmaceuticals, etc.

Initiatives to Popularize Fish Consumption

The "Eat Fish Project" Led by "Fish Masters"

The "Eat Fish Project" was started in September 2013 to promote seafood consumption by the Nissui Group company, Yamatsu Suisan. In September 2016, "fish masters" from Yamatsu Suisan visited the local Hayadori Junior High School in Niigata City to give a lesson to 120 third-grade junior high school students. All of the students were given hands-on experience in cleaning Japanese pilchard and were able to eat Pacific saury grilled with salt to deepen their enjoyment and understanding of consuming fish.



Nutrition Education Initiative at Hachioji and Himeji General Plants

The Nissui Group accepts requests for plant tours by local elementary schools, giving schoolchildren the experience of seeing a food production plant and familiarizing them with eating fish.



Chikuwa making experience at Hachioji General Plant



Plan tour of the actual production facility at Himeji General Plant

Material Area **3**

Aim to be a company where diverse human resources play an important role to address the social agenda

At the Nissui Group, we believe that actively hiring people from diverse backgrounds stimulates the organization and encourages business development. In our business activities, we actively encourage our employees to be engaged with social issues both locally and globally. Through such efforts, we aim to be a company where diverse human resources play an important role.



Social Issues

• Diversity and Personnel Development



Social Issue

Diversity and Personnel Development

We will make efforts toward global personnel development, the participation of diverse personnel, and health management, with a medium-to-long-term perspective.

Initiatives of the Diversity and Personnel Development Working Group

As a global diversity initiative, the Nissui Group is expanding personnel exchange opportunities between Japan and overseas group companies, and by 2030 we aim to appoint executives at a global level. Such exchanges help us to find the best timing to transfer people who can help our overseas business expand. They also allow us to make the best use of non-Japanese personnel at our overseas business locations. We therefore made plans to begin in 2017 a global personnel registry system and implement a global personnel overseas training program, as a start. We plan to boost Nissui's ratio of female employees to nearly 50% by 2030 and boost the percentage of female executives to the same ratio as our registered personnel.

Initiatives of the Employee Health Working Group

Nissui announced its Employee Health Declaration in February 2017, positioning as a top-priority management issue the maintenance and promotion of the health of our employees. We are working on policies in four areas—preventing lifestyle-related diseases, anti-smoking measures, female health checkup support, and mental health.

We planned to introduce in 2017:

1. Blood testing for EPA/AA ratio and focused improvement measures
2. A no-smoking and better-eating policy
3. A system for confirming health status

Employee Health Declaration

At the Nissui Group, we consider our employees to be our most valuable asset, and we want to see all employees be able to fully demonstrate their abilities. We also aim to improve the quality of life of our employees and their families by ensuring proper workplace conditions and by actively supporting both mental and physical health.

As a company that works with resources from the sea, we offer suggestions for healthy diets, try to maximize the use of functional components derived from seafood, and aim to contribute to the healthy lives of people everywhere, from our employees and their families to customers around the world.

In-house Initiatives

One health management measure for our employees is to prevent lifestyle-related diseases. We are utilizing EPA to improve the health of our employees.

- The "IMARK S 100-Day Challenge" aims to improve employees' blood EPA/AA ratio by drinking IMARK S, our FOSHU supplement drink made with EPA, for 100 days.
- The "EPA Health Mileage Campaign" allows employees to earn miles for purchases of our products that contain EPA.
- "Health Rankings (by division, by individual)" is an award system to give awards to the top 5 people who made the biggest health improvement over the previous year in terms of their EPA/AA ratio*.

* EPA/AA ratio is a measure of cellular inflammation which indicates possible health risks

Tie-up with Kanagawa Prefecture to extend healthy life expectancy

Nissui joined up with Kanagawa Prefecture in a campaign to get people to be the healthiest and most long-lived in Japan, for which we created educational videos and leaflets.



Contributing Locally and to Society as a Whole

Activities unique to the Nissui Group allow us to connect with local communities and help educate the next generation.

"Umi to Sakana Competition" Children's Research and Artwork Contest (co-sponsored by Nissui, sponsored and organized by Asahi Shimbun Company and Asahi Gakusei Shimbunsha)

This contest is for elementary school children to create any kind of research or artwork they choose on the theme of "the oceans, fish, and us." The annual competition was started in 1982 and Nissui has been a co-sponsor since that first year. The 35th contest was held in 2016. There were 29,130 entries from children at elementary schools in Japan and overseas Japanese schools. As part of the effort to solicit entries, Nissui visits schools around Japan to teach classes and provide a summer hands-on learning experience.



Community-Based Activities

The Nissui Group's Community Cleanup Campaign

The Nissui Group holds community cleanups at each of its business locations thanks to the participation of its employees. For the 12th community cleanup campaign held in June 2016, a total of 1,308 employees participated from 89 group offices, and 1,394 employees from 98 offices participated in the 13th cleanup event held in October 2016.



Participating in Urban Development with Flowers (Nissui Kashima Plant)

The Nissui Kashima Plant has been participating in Kamisu City's flower planting activities since fiscal 2013. This year, the weather was uncertain for the eighth annual event, but the rain stopped early in the morning and everything went without a hitch. A "green curtain" was set up at the Kashima Plant for natural shade to reduce summer usage of air conditioning and thereby reduce CO₂ emissions. The effort won the 2016 Ibaraki Green Curtain Contest runner-up prize.



Food Donations to Second Harvest Japan

Since fiscal 2008, Nissui has been collaborating with Second Harvest Japan, an NPO that provides food to people in need. Second Harvest Japan plays the role of a food bank for people who cannot get enough food, providing them with foods from manufacturers that cannot be sold, for instance when the outer box is damaged. In FY2016, Nissui donated about 9.6 tons of frozen foods with the help of Nissui Logistics Corporation and Carry Net Co., and we will continue to do this in the future.



Photo by Natsuki Yasuda/studio AFTERMODE

Cleanup Activities with Local Schoolchildren (Nissui Anjo Plant)

The Nissui Anjo Plant holds tours for employees' families and children from local elementary schools. One day in November 2016, employees of the plant had schoolchildren join them to clean up a canal near the plant. This effort is part of extended activities to support the local community centered around children.



Collecting PET Bottle Caps for Social Good

The Nissui Group has been collecting used bottle caps since fiscal 2009 as part of the Ecocap movement in Japan. In FY2016, Nissui's head office collected 42,749 caps, Mogami Foods Co., Ltd., collected 18,920 caps, and the Nissui Himeji General Plant collected 27,272 caps. The caps are converted into recycled plastic material and the proceeds from their sale are used to support people with disabilities, provide environmental education to children, and provide other benefits to society.



"Celeb Fish Roe"—winner of the Nippon Suisan Kaisha Award
Win a ruby or a black diamond!



▲ Mudskippers—winner of the Nippon Suisan Kaisha Award
Cute, amazing animals

Stakeholder Dialogue

CSR at the Nissui Group is enhanced by stakeholders expressing their opinions.

To get better at addressing social issues through our business efforts, the Nissui Group holds dialogues with stakeholders, who share their views and advice. Here we report an extract from the third round of stakeholder dialogues, in which two experts in the fields of marine resources and human rights were invited to share their opinions on such topics as the sustainability of ocean resources and sustainable procurement.



"Perhaps [you should] work with employees on how to evaluate the impact of issues on future operations in the process of determining materiality."

Determination of Material Areas (Key Issues)

We received expert opinions on how to work with the issues that Nissui has determined are material in ways that can lead to higher corporate value.

- Solicit the views of a wide range of stakeholders and evaluate the points decided through discussions within managerial circles in light of those views and the company's identification of material areas. The degree of priority to business will change with social trends and against the background of the times. Incorporate materiality that will have an impact on business in the future, and communicate those findings to employees.



Thank you for your opinions and advice. The Nissui Group's CSR activities are now in the framework-building stage. Our basic policy to date has been to respect human rights and procure properly managed resources. Going forward, we will pursue CSR activities in ways that reflect the interests of a wide range of stakeholders.

"The question is what kind of leadership Japanese companies can show in the area of global marine resource management."

Sustainability of Marine Resources

- Although it is difficult to ascertain marine resources with 100% accuracy, Nissui's survey was able to provide a general picture of the volume of existing resources based on FAO survey data. While part of the situation remains unclear, the results will serve as a good springboard for discussion in the next process of reviewing sustainability by fish species and determining measures to take with regard to overfished species.
- We would like to see the WWF cover areas that cannot be understood through the statistics and data. An important point going forward for resource management will be collaboration with stakeholders, such as the relationship between fisheries and their local communities.
- There are growing expectations for aquaculture in the maintenance and management of natural resources. Species of fish that can be farmed continue to be exploited, and we would like to see more action taken with regard to achieving sustainability of the raw materials for the feed necessary for fish farming.



"There are cases of forced labor or child labor being involved in the procurement supply chain without the company's knowledge. Human rights violations will be a future management risk."

Dealing with Human Rights Violations

- The violation of workers' rights is an issue throughout the world. Some countries still have slave-like working conditions, and in Japan there are cases where, without the company being aware of it, forced labor or child labor is involved in the extended supply chain. Human rights issues may become a management risk in the future surrounding fisheries and the obtaining of resources.
- There have been worldwide protests when an overseas supplier, even for a Japanese company, was complicit in forced labor. Such protests went largely unreported in Japan, and Nissui's head office has no way to become aware of such reports. It is often the case that a problem becomes more complicated once facts come to light, at which point it is already too late. The important thing is for the company to have a steadfast policy and to follow that policy, taking its accountability seriously. Safeguards vary from country to country, depending on culture and laws, so the authority must rest in the company's own human rights policy. This is imperative for a global company.
- Environmental issues are recently being treated as human rights issues. One case is how deforestation deprives indigenous peoples of their right to a livelihood. In the area of fisheries, while coastal fishing and aquaculture in Southeast Asia and South America provide local employment, in other cases the company's activities deal a blow to local small-scale fishing, or otherwise have an adverse effect. We are starting to hear more frequently of similar problems even in Japan.
- Human rights issues in the global supply chain may be difficult for a company to address, as they involved the judgment of the country concerned. However, the WWF has connections to various regions around the world and it may be possible for collaborative projects to be set up with local NGOs or producers. Providing support in such ways may be effective for a company.



"Capacity building helps cultivate a lasting relationship by supporting the improvement of a supplier's capabilities."

Sustainable Procurement

We heard views and received advice on Nissui's new Basic Policy on Procurement, created to promote sustainable procurement.

- The Basic Policy on Procurement compares favorably with similar policies of other companies. It lists quality, cost, delivery, and service as criteria for choosing a supplier. However, more weight can be given to selection based on the supplier's environmental and social record.
- Evaluating a supplier is based on two things—sustainability and traceability. Suppliers that handle fish-related raw materials are looked at in terms of fish species, locality, and other high-risk criteria. When a problem is discovered, Nissui shares the information with the supplier to try to solve the problem together. This kind of support, which improves the capabilities of the supplying company, is called "capacity building." It is essential for maintaining a lasting relationship with the supplier.
- Take the procurement policy of the Olympics as an example. Once you set a broad-based policy, then you must think about procurement methods that will be able to manage high-risk issues. Also, set up a system for handling claims. It is necessary, in addition, to determine what kind of ability the supplying company has to investigate issues, and this must be done not only with a questionnaire, but by having the company submit documentation.

