



# OUR PROCESSED FOOD BUSINESS



Our processed food business is dedicated to delivering safe, high-quality food products to consumers. We are also mindful of the environmental impacts of our products and operations, and we make continuous improvements to these wherever possible.

In 2018, we started to develop a sustainability strategy for our processed food business.

## OUR PROCESSED FOOD BUSINESS VALUE CHAIN \*1



\*1 This diagram represents the value chain of products for frozen and ambient foods.

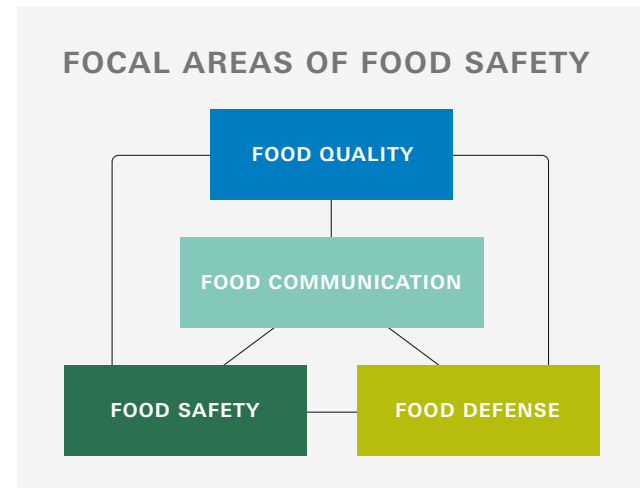
\*2 We do not deal directly with raw material producers – such as growers – who provide raw materials to the trading firms or to the contracted factories that supply us.



## Delivering safe, high-quality products

We have a rigorous quality and process control system based on four areas: food safety, food defense, food quality, and food communication. This system, which also applies to our suppliers, aims to guarantee safety throughout our entire processed food business, from buying raw materials to manufacturing and distribution.

We regularly review our procedures to ensure that our products are produced and delivered in the safest possible way.



## Food safety standards

Our processed food business has 31 factories producing a variety of food products, from frozen foods to bakery goods and seasonings. 23 of these factories are located in Japan, and eight are located in China, the U.S., and Thailand. Our products are sold primarily in the Japanese market. All of our factories (frozen foods, bakery, and seasonings) were certified to the global food safety standard FSSC22000 in September 2018. FSSC22000 is recognized by the Global Food Safety Initiative, the food industry's global body for promoting food safety management.

All the factories that are contracted to manufacture frozen food products on our behalf have been certified to the food safety standard, ISO 22000 or FSSC 22000, as an assurance of food safety.

In 2018, one of our factories received an award for excellence in food hygiene from the Ministry of Health, Labor, and Welfare in Japan. This award is given to individuals and facilities for remarkable achievements in promoting food safety and sanitation.

We also call upon three independent advisors, who have helped to develop our approach to food safety since 2008. In 2018, these advisors visited our factories, sharing useful advice and giving talks to our employees on industry topics such as food safety, or the laws and regulations relating to the Food Sanitation Act. These events provided employees with a greater awareness of new developments and hot topics in the field of quality control.

There were no voluntary recalls of our food products in 2018.



## Food defense practices

'Food defense' is about protecting our manufacturing processes and products from intentional contamination. We apply robust food defense guidelines across the supply chain, both in our own factories and our contracted factories, which are referred to during our annual audits. Recent initiatives to strengthen our defense mechanisms against deliberate contamination include increasing our use of factory cameras and enhancing the way we manage chemical substances. These measures also help to detect and prevent any incidences of intentional contamination.

## Enhancing food quality

Food quality control is an essential element of our daily operations. Along with quality improvement efforts on factory floors, we ensure that all of our employees receive training through customized e-learning materials.

We also listen to our consumers and their suggestions for improving product quality. We swiftly share consumer feedback on our products with our factories and operations so that further improvements can be made. Our internal Quality Improvement Committee enables us to effectively respond to their recommendations. The Committee is made up of representatives from different divisions, including Product Development, Manufacturing, Sales, Quality Control, and our Consumer Call Center. Our consumer complaints management system is compliant with ISO 10002, the international standard for customer satisfaction and complaints handling. To enhance the quality of our correspondence with consumers, we introduced a voice transcription system at our Consumer Call Center. This system transcribes and records correspondence with our consumers on behalf of our operators. As a result, our operators are able to focus more on communicating with our consumers and providing excellent customer service.

## Food communication

We are always willing to provide details about our food products. We respond to consumers' requests for information and can disclose the precise factory where food products were made or the country of origin of the main ingredients. Furthermore, in order to ensure food safety, we have introduced a system that records information about our products at every stage of the process, from the raw materials and production right through to processing, distribution, and product sales. This means we can retrace our product to any point, if necessary.

We also have toll-free numbers on our product labels for consumers to call for extra information.

We invite consumers and shareholders to our Uonuma Mizunosato frozen udon (noodles) and packed cooked rice factory, where we explain our food safety approach by showing them our manufacturing process.

In 2018, we updated our website to make it easier for customers to find important information such as food safety management or the customer inquiry form.

## Reducing our environmental impacts

As part of our efforts to reduce environmental impacts within our operations, one of the companies within the JT Group, Thai Foods International, is building a biomass co-generation system for its Thai factory, where it manufactures seasonings. The system, due to be completed in 2019, will use rice husks as an alternative fuel source. The factory currently uses electricity supplied by a local company; once the system is operational it is expected that purchased electricity usage and the resultant Scope 2\*1 greenhouse gas (GHG) emissions could be significantly reduced (by 7,000 tons of CO2e\*2 annually). This project, which has been adopted by the Joint Crediting Mechanism of the Ministry of Environment in Japan, will not only help us to reduce energy costs but also contribute to GHG reduction in Thailand. In addition, in 2018 we developed a compact tray for some of our packed cooked rice that uses approximately 10% less plastic while holding the same amount of rice.



\*1 Scope 2 GHG emissions are those greenhouse gas emissions relating to the consumption of purchased energy, such as electricity, steam, or other energy sources.

\*2 CO2e stands for 'carbon dioxide equivalent' of GHG emissions, a standard unit for measuring carbon dioxide footprints.