

NISSUI
Environmental Report
2013



Published in December 2013

Telephone +81-3-3244-4172

Fax +81-3-3244-8113

Environment Office,

Nippon Suisan Kaisha, Ltd.

Nippon Bldg. 10F, 2-6-2, Otemachi, Chiyoda-ku, Tokyo

100-8686 Japan

Website <http://www.nissui.co.jp/english/>

TOP MESSAGE

The Nissui Group will contribute to the lives and the futures of people around the world through sustainable utilization of marine resources and preservation of environment.

President's Message

Nissui, in its Medium-Term Management Plan 2014 (MVIP) to end in FY2014, set out its basic management policy as follows: "we will give consideration to the sustainable utilization of marine resources and the preservation of the global environment, and will continue to create diverse values from resources, including marine resources, to contribute to the active lives and a future full of hope for people around the world."

This expresses Nissui's stance toward the environment, which it has upheld since its founding, that marine resources are benefits of the sea, the sustainable utilization of which will be possible, as long as we protect the sea and manage our resources appropriately.

In 2003 Nissui began activities to reduce the environmental load and has made countless improvements, by focusing on the reduction of greenhouse gases as a way of preventing global warming, the reduction of water usage in order to enable sustainable utilization of marine resources and the reduction of waste in order to realize a recycling-oriented society. Particularly, amid increasing attention being paid to the problem of food loss, the production plants in the Food Products Business have been leading efforts to reduce waste, which has resulted in a 2.4% waste reduction compared to the previous year. Moreover, all eight Nissui plants are engaged in initiatives to achieve zero emissions by FY2014, and three of the plants were able to accomplish this goal in FY2012.

As an enterprise engaged in the handling of marine resources, Nissui has a social responsibility to maintain biodiversity and accordingly has incorporated "the conservation of biodiversity" in its Environmental Code. Nissui has been instilling the importance of biodiversity through the Group's environmental education conducted both in the classroom and in the field.

Meanwhile, in terms of "Safety and Reliability," the primary responsibility of an enterprise that

handles foods, Nissui has established a quality assurance system based on its Quality Assurance Code, while at the same time has engaged in activities to promote customer satisfaction, including improving and developing products based on customer feedback.

The Nissui Group is engaged in a wide range of businesses including the fishery, aquaculture, seafood processing, fine chemicals and distribution businesses, and geographically, it has built a global supply chain encompassing the regions of Japan, North America, South America, Europe and Asia.

Our efforts to preserve the environment through these businesses have resulted in the mobilization of Nissui's unique expertise into such products as the Thawed at Room Temperature frozen prepared foods, which won the 9th Eco-Products Award (Excellence Award for Energy Saving Product); the environmentally-friendly system of complete yellowtail aquaculture; and the development of artificial seedlings and the production of formula feed in bluefin tuna farming, which, in turn, have enabled us to provide products of value to our customers.

Additionally, Nissui has been increasing its handling of sustainable marine resources.

Going forward the Nissui Group will steadily follow its path toward the development of a sustainable society by elevating its environmental consideration through the execution of its businesses and by stepping up its CSR activities toward the preservation of the environment.

Norio Hosomi

President & CEO
Nippon Suisan Kaisha, Ltd.



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Editorial Policies

Editorial policies	This report is published to report the environmental initiatives made by Nippon Suisan Kaisha, Ltd. to its stakeholders (business partners, employees, shareholders, consumers and local communities) and this marks the ninth time this report has been published. We have upgraded the numerical data on environmental preservation activities by including data on certain domestic Group companies in addition to the non-consolidated data of Nippon Suisan Kaisha, Ltd. Examples of environmental activities also include activities of Group companies other than those within the scope of the numerical data.
Period under review in this report	The numerical data of environmental preservation activities presented here are those for FY2012 (from April 2012 to March 2013). The section on the environmental management system and specific examples mainly cover activities from FY2012, with ongoing activities up to September 2013.
Organizations under review in this report	This report covers Nippon Suisan Kaisha, Ltd. (non-consolidated) and selected domestic consolidated subsidiaries and Group companies. In terms of numerical data on environmental preservation activities, a combined total is calculated for the following business locations of Nippon Suisan Kaisha, Ltd. and 26 domestic consolidated subsidiaries by business segment. Specific examples of initiatives also include the activities of Group companies not included in the numerical data. [Business locations and Group companies for which numerical data of environmental preservation activities is reported] Marine Products Business: Nippon Suisan Kaisha, Ltd., Imari Fish Feed & Oil Plant, Sakaiminato Plant, Funabashi Processing Center; Kurose Suisan Co., Ltd.; Seinan Suisan Co., Ltd. Food Products Business: Nippon Suisan Kaisha, Ltd., Hachioji General Plant, Anjo Plant, Himeji General Plant, Tobata Plant; Hachikan Co., Ltd.; Mogami Foods Co., Ltd.; Kitakyushu Nissui Co., Ltd.; Nippo Shokuhin Kogyo Co., Ltd.; Nippon Cookery Co., Ltd. Fine Chemicals Business: Nippon Suisan Kaisha, Ltd., Tsukuba Plant, Kashima Plant; Nissui Pharmaceutical Co., Ltd. General Distribution Business: Nissui Logistics Corporation Others: Nissui Engineering Co., Ltd.; Nissui Marine Industries Co., Ltd.
Referenced guidelines	Environmental Report Guidelines 2012 (Ministry of the Environment)
Division publishing report contact information	Environment Office, Nippon Suisan Kaisha, Ltd. Nippon Bldg. 10F, 2-6-2, Otemachi, Chiyoda-ku, Tokyo 100-8686 Japan Telephone +81-3-3244-4172, Fax +81-3-3244-8113

Issued in December 2013, next publication scheduled for October 2014.

Company Overview

(as of March 31, 2013)

Company Name Nippon Suisan Kaisha, Ltd.

Head Office Nippon Bldg. 10F, 2-6-2, Otemachi, Chiyoda-ku, Tokyo 100-8686 Japan

Founded 1911

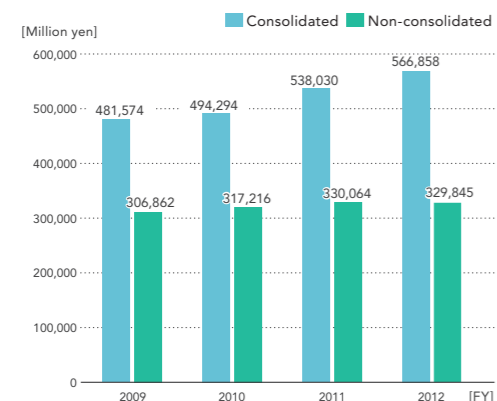
Established 1943

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, canned and bottled foods, and other processed foods (fish sausage and ham, fish paste [surimi] products, chilled foods and seasonings)
 Fine Chemicals Business: Manufacture and sales of general pharmaceuticals, pharmaceutical ingredients and health foods
 General Distribution Business: Frozen and refrigerated storage, transport of frozen and refrigerated freight

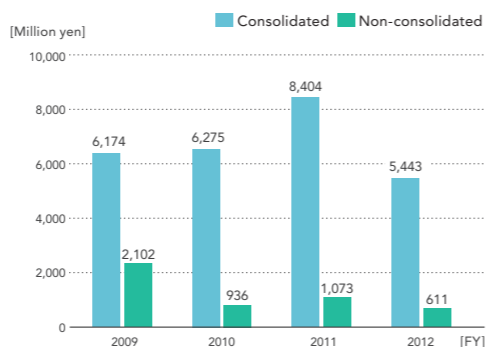
Sales

(FY2009 – FY2012: Consolidated/Non-consolidated)



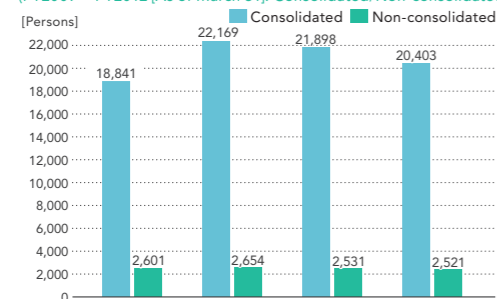
Ordinary income

(FY2009 – FY2012: Consolidated/Non-consolidated)



Number of employees

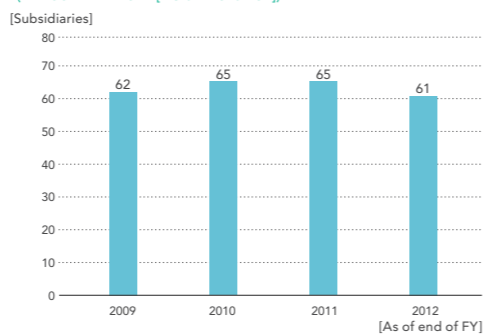
(FY2009 – FY2012 [As of March 31]: Consolidated/Non-consolidated)



Breakdown of employees		2009	2010	2011	2012 [FY]
Consolidated	Full-time workers	8,801	11,172	10,513	10,715
	Contract workers	10,040	10,997	11,385	9,688
Non-consolidated	Full-time workers	1,213	1,230	1,236	1,194
	Contract workers	1,388	1,424	1,295	1,327

Number of consolidated subsidiaries

(FY2009 – FY2012 [As of March 31])



Corporate stance and attitude toward preservation of the environment

Nissui aims to become a manufacturer that brings tastiness and fun as well as health and beauty from the earth and the sea.

Following the founding philosophy and the basic management policy handed down through its 100-year history, Nissui creates diverse values that contribute to the lives of people around the world. Based on the principles set forth in the Environmental Code and, out of gratitude to the earth and the sea, Nissui engages in activities to preserve the environment.

Founding philosophy

Similar to providing tap water, providing a stable supply of marine products is at the origin of Nissui.

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

We should search for ocean resources throughout the world, store them in as a fresh condition as possible, build water pipes, as it were, in every market of the world, and supply them while adjusting the market price according to demand.

Basic management policies (From the Medium-Term Management Plan 2014 [MVIP])

The principles of Nissui’s management, which set forth the preservation of the earth environment and the creation of values through marine resources.

“We give consideration to sustainable usage of marine resources and preservation of the earth’s environment, continue to create diverse values from resources, including marine resources, and contribute to the active lives and a future full of hope for people around the world.”

Environmental Code (Amended May 10, 2013)

Nissui aims to put the Environmental Code into practice through its everyday operations. The conservation of biodiversity was added as the first article of the Code, which serves as the guidelines for environment management.

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 the 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.

Policies

1. We will promote activities mindful of the preservation of the natural environment and biodiversity, and the sustainable use of resources.
2. We will continuously endeavor to build a recycling-oriented society through energy conservation, resource saving, waste reduction, less packaging & containers, environmentally-friendly procurement, and other activities which alleviate the environmental burden.
3. We will build an environmental management system, and aim to operate the system in an effective manner. We will also conduct environmental audits, and strictly enforce compliance with environment-related laws, regulations, etc.
4. We will raise the environmental awareness of each and every one of our employees through environmental education.
5. With respect to society, we will carry out environmental communication activities, and place great importance on environmentally-friendly coexistence with the local community.
6. We will endeavor to make this Environmental Code common to companies affiliated with the Nissui Group.



Bio-Diversity: Nissui and Biodiversity

Efforts that can only be made by Nissui to protect biodiversity

Conserving biodiversity is a part of Nissui's challenge

On earth there are reportedly 30 million different species of organisms that live and support each other. The ecological system based on this biodiversity provides us with countless benefits such as water and food, and climatic stability that are indispensable to our lives and society.

In order to conserve biodiversity which makes up the ecological system and to realize a sustainable society, initiatives are being taken including the adoption of global goals by COP 10*, the formulation of the National Biodiversity Strategy by the Japanese government and the endorsement of the Declaration of Biodiversity by Nippon Keidanren. The Nissui Group, too, has added a guideline regarding biodiversity to the Policies of its Environmental Code and has been making Group-wide efforts to contribute to the conservation of biodiversity.

Conserving biodiversity is a significant mission for the Nissui Group, whose business foundations comprise marine products, which are benefits of the sea and the earth. The following is a report on the unique initiatives made by Nissui, as a fishery company that engages in the sustainable utilization of marine resources while conserving biodiversity.

*COP 10: The Tenth Ordinary Meeting of the Conference of the Parties to the Convention on Biological Diversity



Nissui Group Environmental Code

We will promote activities mindful of the preservation of the natural environment and biodiversity, and the sustainable use of resources.



Promoting complete aquaculture

Nissui is developing sophisticated aquaculture technology to minimize its impact on the marine ecological systems.

Initiatives in the complete aquaculture of yellowtail

"Complete aquaculture" refers to the process of raising juvenile fish (artificial seedlings) spawned from eggs harvested from farmed parent fish, and once again harvesting eggs from the cultivated fish once they have matured. Unlike conventional aquaculture, which catches natural juvenile fish, complete aquaculture makes it possible to farm fish independently of the ecological system.

Kurose Suisan Co., Ltd. of the Nissui Group has been promoting the cultivation of artificial yellowtail seedlings and has become the first in Japan to successfully commercialize the complete aquaculture of yellowtail. However, most noteworthy is Kurose Suisan's efforts to prevent the farmed fish from escaping by such means as the use of woven wire cages. Should a farmed yellowtail escape and mate with a natural yellowtail, it could impact the genetic composition of the species. Kurose Suisan by mitigating the burden on the ecological system is playing its part in conserving biodiversity.

A new artificial seedling center has been established by the Nissui Group in Minamikyushu City, Kagoshima Prefecture and complete aquaculture is already under way. Yellowtail raised under complete aquaculture is shipped as "Wakaburi" during the changeover period when the supply of regular farmed yellowtail becomes scarce. Thanks to the success of "Wakaburi," Nissui has been able to further promote complete aquaculture which does not burden the ecological system.

Cultivation of artificial seedlings

Nissui has improved the breeding of artificial seedling and is making efforts to reduce the risks of fish diseases by producing seedlings from healthy parent fish, cultivating healthy seedlings and vaccination.



Yellowtail fish cages

Nissui is accelerating the development of its aquaculture technology in various fish species

The Nissui Group's sophisticated aquaculture technology is not limited to yellowtail. In Kushimoto, Wakayama Prefecture, the Group is accelerating the development of artificial bluefin tuna seedlings and aiming to realize complete aquaculture. In Karatsu, Saga Prefecture, thanks to the operation of a plant producing formula feed for bluefin tuna, it is no longer necessary to use whole fish as feed, which, in turn, has made it possible to conduct aquaculture that leaves a minimal footprint on the aquatic environment.

Furthermore, Nissui is promoting the development of sophisticated aquaculture technology for other fish species including salmon and blowfish. It is engaged in bringing about innovations to reduce the environmental footprint of commercial aquaculture on the marine ecological systems through spontaneous feeding systems, which provide fish with the right amount of feed exactly when the fish want to be fed, preventing contamination of the water, and through the study of on shore aquaculture using tanks.



Formula feed for bluefin tuna

Initiatives toward ASC certification, which ensures sustainable commercial aquaculture

ASC certification* refers to the third-party certification system launched in 2010 by such organizations as the WWF (World Wide Fund for Nature) to ensure the sustainability of commercial aquaculture. The ASC holds roundtables to set standards for measuring the impact of aquaculture on the environment, and Kurose Suisan and Nissui took part in the sessions for yellowtail. Kurose Suisan is aiming to become the first operator in Japan to clear ASC's stringent standards and receive ASC certification.

For aquaculture operators, conserving the marine environment is indispensable for its business continuity, and to that end, the conservation of biodiversity is a major task that needs to be addressed. The Nissui Group will continue to engage in aquaculture that gives due consideration to biodiversity, also for the purpose of ensuring a stable food supply.

*ASC (Aquaculture Stewardship Council) certification

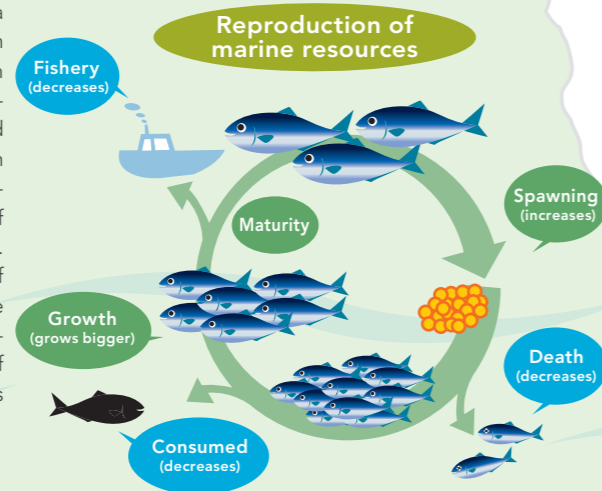
Fishery that protects the ecological system

Aiming for the maintenance and management of the ecological system, and the sustainable utilization of marine resources.

Nissui is promoting responsible fishery on the world's oceans

As a group that engages in the conservation of biodiversity, the Nissui Group is involved in the unique undertaking of "fish catch management" that gives due consideration to the ecological system. Marine resources, unlike minerals and oil, are not depleted simply by use. The sustainable use of marine resources is made possible by understanding the volume of reserves and maintaining fish catches that take into account the cycle of repeated reproduction.

The Nissui Group has established a Global Links Sustainability Board, which determines policies on sustainable utilization of marine resources by the Group, and a Sustainability Officer who is in charge of practical operations in accordance with the instructions of the Board. The Board carries out discussions on marine resources at an international meeting involving all of the overseas Group companies. The Group practices its policy of maintaining and managing the ecological system while practicing the sustainable utilization of marine resources on the world's seas.



SEALORD
Sealord Group, Ltd.
Sealord Group, Ltd. (New Zealand)
Procurement and processing of MSC certified hoki



UniSea, Inc.
UniSea, Inc. (Alaska, U.S.A.)
Procurement and processing of MSC certified Alaska Pollack



Procuring sustainable marine products

Certification as a sustainable fishery operation requires the management of fish catches by fish species that gives due consideration to maintaining ecological systems. The Nissui Group has acquired MSC* certification for two fishing grounds for respective fish species, Alaska Pollack in Alaska and hoki in New Zealand. Moreover, the Group is making ongoing efforts to increase the procurement of sustainable marine products in the U.S.A. and Europe.

*MSC: An acronym for the Marine Stewardship Council, an international NPO established in 1997.

As an enterprise that coexists with the community, Nissui contributes to the conservation of biodiversity

In addition to initiatives involving marine resources, the Nissui Group contributes to the conservation of biodiversity through various activities.

For example, at its Anjo Plant, Nissui has set up a biotope and has recreated an ecological system consisting of fish, aquatic insects and plants. The biotope is used for water-quality monitoring and for environmental education for the community. Nissui also participates in activities to conserve the Utsunuki Green Zone, which is adjacent to the Tokyo Innovation Center in Hachioji, Tokyo, and cooperates in the conservation of the forest. Additionally, the efforts of each business location, including shoreline clean-up activities to prevent the pollution of the seas, are also related to the conservation of biodiversity.



Biotope (Anjo Plant)



Hands-on forest conservation lectures at Utsunuki Green Zone



Tree-planting activities (Tokyo Innovation Center)



Shoreline clean-up activities (Kaneko Shokuhin Co., Ltd.)

Supporting research activities that look toward the future of marine organisms and fishery

Additionally, in order to utilize marine resources in a sustainable manner, the Nissui Group supports the research activities of the Society for Conservation of Fisheries Resources and Marine Environment (CoFRaME). CoFRaME conducts a broad range of research activities to ensure the sustainable utilization of marine resources. Research results are presented at academic meetings and as academic papers, and are expected to impact the policies of marine resources conservation.

As part of its activities for FY2012, CoFRaME successfully conducted studies that quantitatively researched and analyzed marine resources including a study promoting complete aquaculture – "Evaluation of Bluefin Tuna Aquaculture in Terms of Its Ecological Footprint" and studies supporting ecologically responsible fish catch management – "Development of Analytical Methods of Chronological Change Trends in Marine Resource Usage" and "Biological and Economic Analysis of Optimal Resource Usage Including the Usage of Pollack."

The Nissui Group, by employing state-of-the-art methods and scientific research, will protect biodiversity and ensure the sustainable utilization of marine resources from a global perspective.



CoFRaME presentation of results of subsidized studies

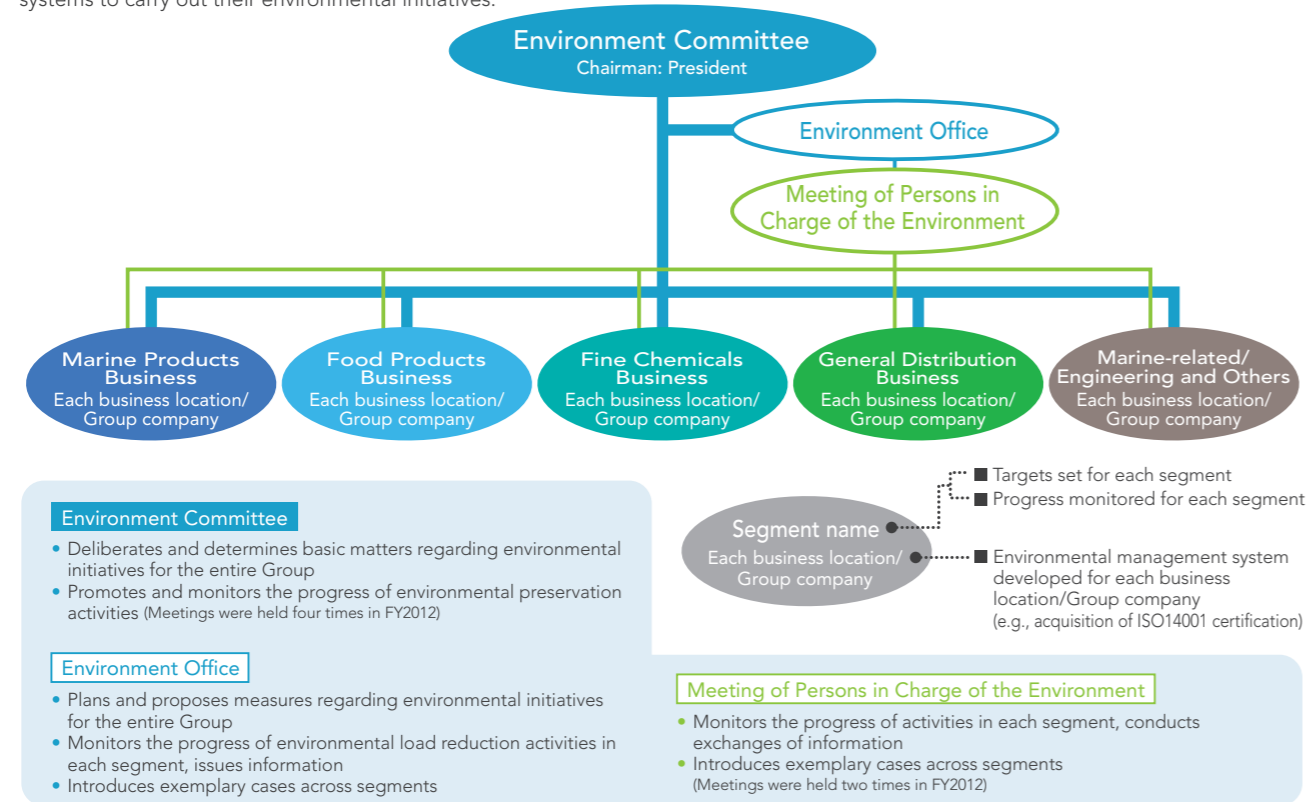


Nissui contributes to the establishment of a sustainable society by promoting environmental preservation activities in its daily operations.

Nissui has established an environmental management system based on the Policies prescribed in the Environmental Code. Nissui will aim to build a sustainable society through its business, by minimizing the environmental load in every aspect of its business activities, as well as by promoting activities to preserve the natural environment and biodiversity, and the sustainable utilization of resources.

System of environmental management

Nissui has established an Environment Committee to oversee and promote environmental preservation activities for the entire Group. Additionally, business locations and Group companies within each business segment have developed environmental management systems to carry out their environmental initiatives.



Acquisition of ISO14001 certification

Nissui promotes the acquisition of ISO14001 certification, which is the international standard for environmental management. As of the end of September 2013, a total of 61 locations (offices, domestic consolidated subsidiaries, and Group companies combined) had acquired ISO14001 certification.

Environmental risk management

In FY2012, there were no instances of accidents or trouble that would severely impact the environment at any of Nissui's business locations. In addition, Nissui continued to meet all standards on air, water quality, odor, noise and vibration set forth in the laws and regulations following the last year. Nissui is in compliance with the Act on Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources, Act on the Rational Use of Energy, and the Act on Promotion of Global Warming Countermeasures.

Environmental training and education

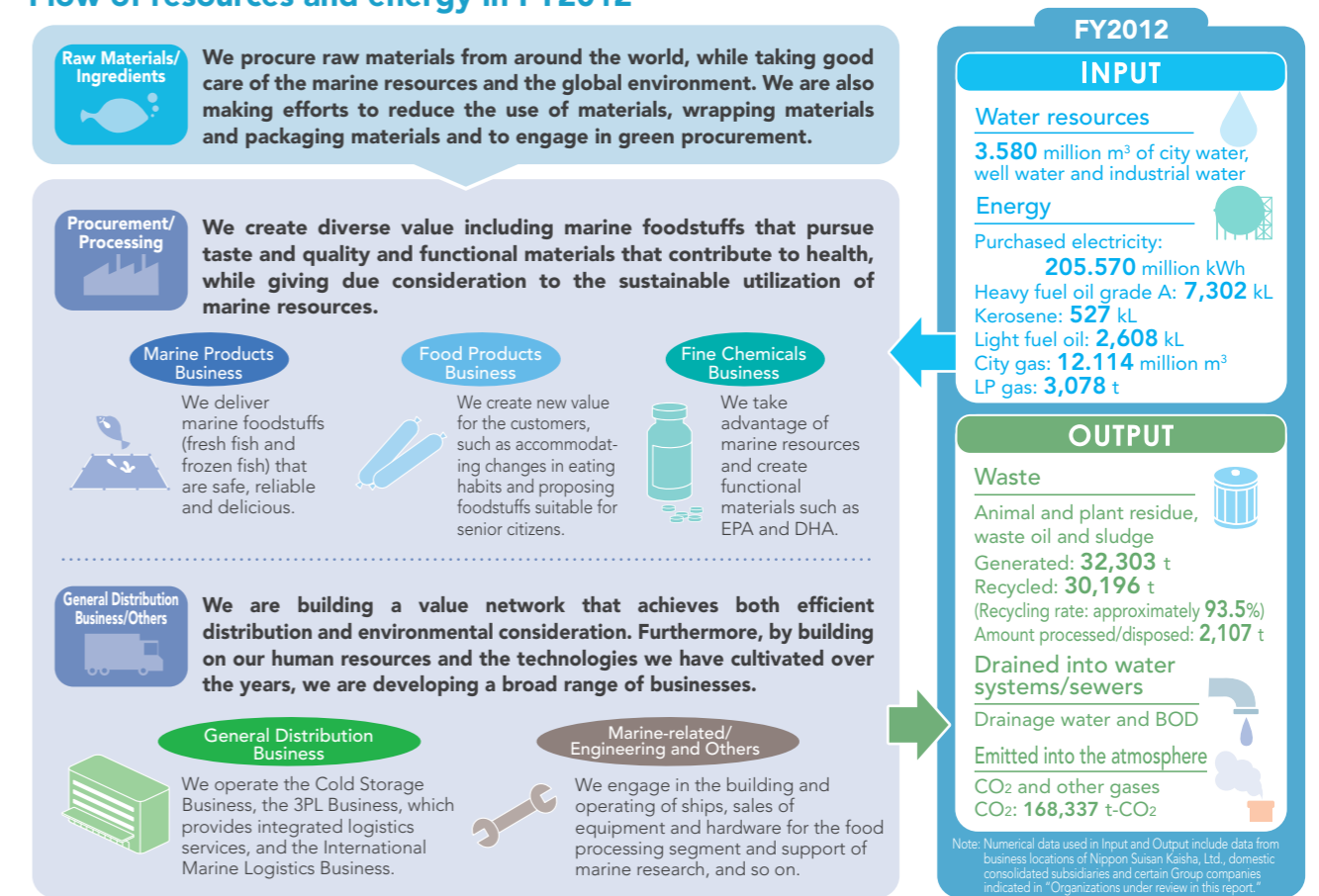
In addition to the regular education conducted in the course of training new employees and at conferences for persons in charge of environmental matters, Nissui, starting from FY2012, commenced environmental education focusing on biodiversity in which students learned about the current conditions of the earth environment and the steps being taken by Nissui toward the establishment of a sustainable society. In FY2012, 76 employees at five business locations took this course.



From procurement of raw materials to products delivered to the dining tables of our customers. Nissui strives to reduce the environmental load in every aspect of its business.

From the world's oceans to your table. Nissui strives to reduce the environmental load in every aspect of its business, by keeping detailed numerical track of the usage status of resources and energy, and the status of disposition of waste, etc., that are generated in our supply chain.

Flow of resources and energy in FY2012





Nissui is promoting the systematic reduction of CO2 emissions through Group-wide energy- and electricity-saving efforts.

The Nissui Group is making all-out efforts to promote the systematic reduction of CO2 emissions that are considered to be one of the causes of global warming. We promote the reduction of CO2 emissions by the Group through the changeover to energy sources with low CO2 emission coefficients and the use of renewable energy.

Amount of CO2 emissions

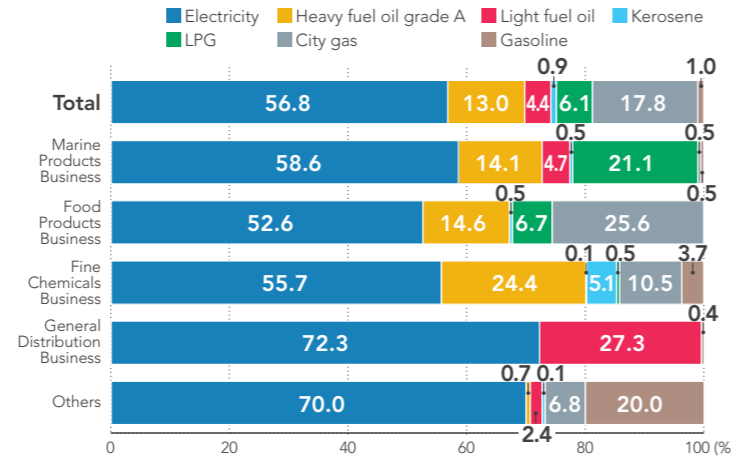
Total CO2 emissions of Nissui's domestic Group companies for FY2012 increased by 8.0% compared to the previous year. This was due to the increase in the emission coefficient per kWh electricity usage of electric power suppliers as a result of the shutdown of the nuclear power plants. If we are to use the same coefficients as FY2011 to calculate CO2 emissions, then total CO2 emissions in FY2012 represent an approximate 2.4% decrease. This decrease was a result of the efforts made to save electricity and energy, as well as the promotion of further elimination of waste, the introduction of LED lighting and other initiatives taken at each business location.

A breakdown of CO2 emissions by the type of energy used shows that CO2 emissions attributable to the use of electricity accounted for 56.8% (54.4% in the previous year), more than half of the total. This was followed by city gas with 17.8% (15.3% in the previous year) and heavy fuel oil grade A with 13.0% (17.9% in the previous year).

[Amount of CO2 emissions (by segment)]



[Ratio of CO2 emissions by type of energy used for FY2012]



• CO2 emissions for purchased electricity were calculated using the CO2 emission coefficient of electric power supplier.

Initiatives to reduce CO2 emissions

Peak-cut initiatives to lower daytime electricity usage

Each business location of the Nissui Group is engaged in the saving and the effective utilization of energy. Specifically, the Group has been promoting peak-cut initiatives to lower electricity usage during the daytime when power demand is high, which has also led to the reduction of CO2 emissions. The Group will continue its efforts to effectively save electricity and energy by sharing the superior know-how of each business location.



Hachikan Co., Ltd. receives Superior Energy Management Business Operator Award

Hachikan Co., Ltd., which had been engaged in efforts to effectively use energy including the introduction of boilers using recycled oil and reinforcing heat insulation of ovens in the manufacturing process, and improving specific energy consumption by promoting organization-wide energy saving, was recognized for its ceaseless effort in company-wide energy management operations and awarded the FY2012 Superior Energy Management Business Operator Tohoku Bureau Chief of Economy, Trade and Industry Award. This marks the second time the Nissui Group has been awarded the Superior Energy Management Business Operator Award since the Nissui Anjo Plant was first awarded in FY2011.



Ovens with reinforced heat insulation (Hachikan Co., Ltd.)



Aiming to reduce, reuse and recycle waste, Nissui promotes 3R* efforts in all aspects of its business operations.

Nissui is making 3R efforts to deal effectively with waste that is generated through business activities in order to make the most of finite natural resources. We promote reduction and recycling of waste; for example, all domestic factories under direct control aim for zero emissions and reduction of container packaging waste by 10% on a per unit basis (compared to FY2011) by FY2014.

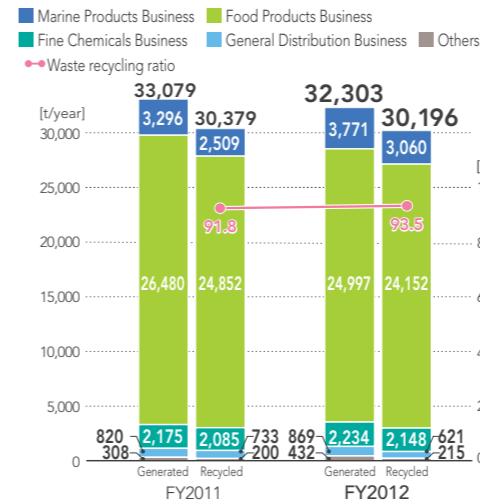
*3R: An acronym for Reduce, Reuse, and Recycle, it is a keyword introduced in the Basic Law for Establishing a Recycling-Based Society in 2000 and used in activities for reducing waste and garbage.

Waste generated/recycled

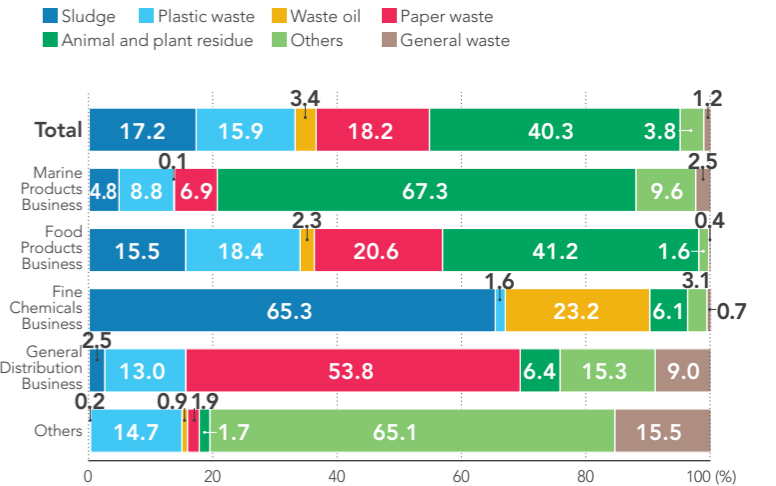
In FY2012 the amount of waste generated decreased by approximately 2.4% compared to the previous year. This was due to the efforts to reduce, reuse and recycle waste, including the visualization of the rejection rate.

The amount of waste recycled in FY2012 was 30,196 t (30,379 t in the previous year). The recycling ratio was 93.5%, higher than that achieved in FY2011, which was 91.8%. In FY2012, zero emissions was achieved by three Nissui plants including the Hachioji General Plant.

[Waste generated/recycled, and recycling ratio (by segment)]



[Ratio of waste generated by type of waste for FY2012]



Initiatives to reduce waste

Reducing waste through the visualization of the rejection rate

At the Nissui Group, waste is measured according to the manufacturing process and by type, in order to cut back on the generation of waste. Figuring out the type of waste generated and the process in which most waste is generated has been conducive to making improvements.

At the Hachioji General Plant, employees discussed the types of defects generated in the onigiri-making process and decided to change the category of waste generated from defective products in order to make it easier to identify the cause of the defects. This has sped up the improvement process and in FY2012 the Plant was able to lower the rejection rate by approximately 11% compared to the previous year. Nissui will continue to promote activities in which everyday operations are reviewed by every employee and improvements are made by discovering and addressing appropriate issues.



Meeting (Hachioji General Plant)

Initiatives to reduce waste from containers and packaging

As a result of engaging in initiatives including reducing the thickness of plastic trays for frozen prepared foods for household use, the Nissui Group, in FY2012, managed to reduce waste by approximately 20 t. However, on a per unit basis, the Group reported a 4.3% increase compared to the previous year. Going forward Nissui will continue to make efforts to reduce waste by making containers and packaging more compact, light-weight and easier to sort for proper disposal.



Example: Reduction in weight by 16.7% per tray



Reducing water usage

Nissui will continue to treasure water, the foundation of its business.

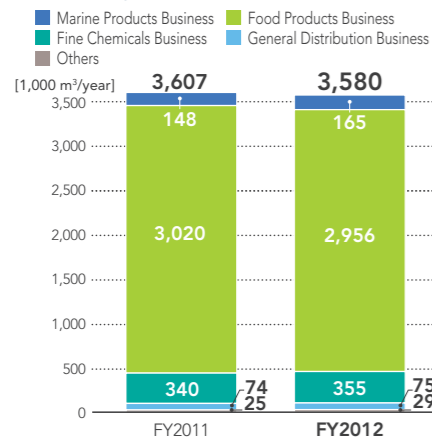
Water is a precious and indispensable resource that forms the foundation of the businesses of the Nissui Group. Our plants are proactively working on conserving and recycling water in order to protect our water resources.

Water usage

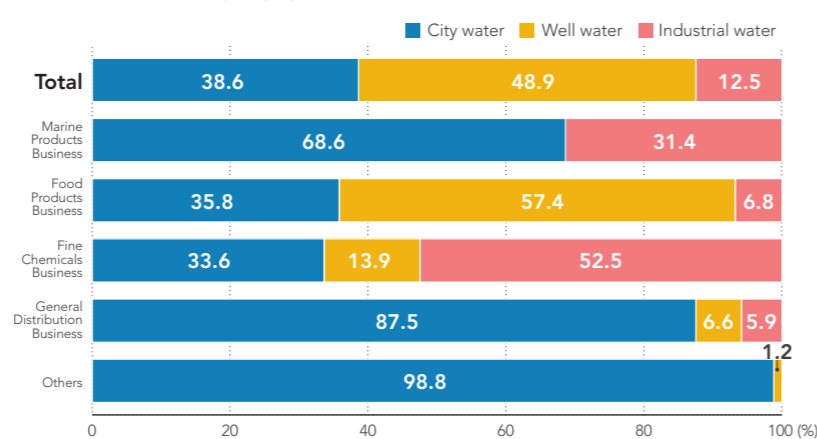
In FY2012, water usage decreased by approximately 1.0% over the previous year. This decrease was the result of our ongoing efforts to save water, such as developing manuals for the cleaning process and the visualization of water usage. By business segment, the Food Products Business was responsible for approximately 83% of the total water usage.

A breakdown of the source of water indicates 48.9% comes from well water, 38.6% from city water and 12.5% from industrial water.

[Water usage (by segment)]



[Ratio of water usage by type of water for FY2012]



Initiatives to reduce water usage

Various efforts to reduce water waste

The Nissui Group is engaged in various efforts to save water including small group activities by its employees. Ongoing efforts are being made to reduce water waste including the visualization of water usage by installing water meters and actually seeing how much water is being used, revising manuals for the cleaning process by monitoring water usage for each process and discovering fluctuations, and controlling water flow volume by installing low-flow guns and nozzles.



Water meters



Use of low-flow guns

Only 0.8% of the earth's water is suitable for use in everyday life

Because of its abundance of water, the earth is sometimes referred to as the "water planet." However, 97.5% of such water is salt water and only 2.5% is fresh water. The majority of fresh water exists in the form of ice in the South and North Poles; and rivers, lakes and groundwater only make up 0.8% of the fresh water on earth. Conservation of water source forests and forest habitats, which has been receiving attention in recent years, has become significant as a way of conserving precious water resources. Nissui hopes to raise awareness of the importance of not wasting water in our everyday lives. (Source: "Japan's Water Resources" Ministry of Land, Infrastructure, Transport and Tourism)



Activities to raise environmental awareness

Nissui promotes accessible initiatives to raise the environmental awareness of each employee.

Activities to raise environmental awareness consist of initiatives that each Group employee can voluntarily take part in. Each year the Group-wide policy is determined, after which each employee takes part in accessible activities that are closely connected to the regional community and to our everyday lives.

Activities to raise environmental awareness

The Nissui Group has been engaged in ongoing efforts to deliberate and execute policies to raise the environmental awareness of its employees, beginning in FY2009 when it commenced activities to raise environmental awareness with the mission of promoting efforts to increase environmental awareness so that every one of the Nissui Group's employees can take eco-friendly actions, followed by the launch of the Task Force to Raise Environmental Awareness within the Environment Committee in FY2010, and continuing in FY2011 with the environmental lectures and environmental education through "eco-letters." In FY2012, Nissui conducted basic environmental education on global warming and biodiversity, and planned field work including nature observation tours.

Concept and Code of Conduct

Coexistence with the sea and the earth
(contributions to the sea)
Let's learn, think and act

Initiatives to raise environmental awareness

Conducted the Nissui Group Cleanup Project

The Nissui Group once again conducted its "Cleanup Project." In FY2012, the operation was conducted twice, in June and in November. In June, 1,077 employees from 86 business locations and in November, 1,216 employees from 74 business locations participated in the operation and cleaned up areas surrounding their respective business locations. Through these activities, Nissui intends to continue raising the environmental awareness of its employees as well as building good relationships with the regional community.



Cleanup Project (Nagasaki Shipyard Co., Ltd.)

Nature observation tour in the Yatsu Higata (Mudflats)

As part of Nissui's activities to raise environmental awareness, a nature observation tour was held in the Yatsu Higata in Narashino City, Chiba Prefecture on November 10, 2012. Employees of Nissui Group companies joined 32 of their elementary school-age children at the Yatsu Higata Nature Observation Center to learn about various living organisms including wild birds that live in the mudflats and the importance of protecting the lives of plants and animals.



Nature observation tour

"Eco-letters" to encourage initiatives toward the environment

The Environment Office encourages employees to take initiatives toward the environment by transmitting "eco-letters," regular e-newsletters filled with information on the environment. In FY2012, the "eco-letter" took up issues such as the conservation of biodiversity and food loss. It also showcased various activities, in which the employees could participate.



"eco-letter"

Activities at each plant and business location

Nissui also promotes voluntary activities by the employees of the plants and business locations. The Nissui Kashima Plant once again planted a "green curtain" that surrounded the premises this year. The Kashima Plant entered and won an incentive award at the Kamisu City Green Curtain Contest. Mogami Foods Co., Ltd. is also continuing its environment slogans. Through such accessible activities, Nissui intends to continue raising environmental awareness.



Green curtain (Kashima Plant)



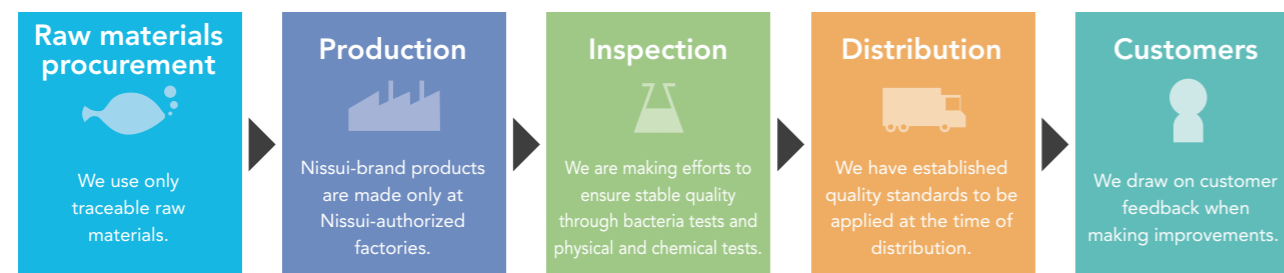
In step with our customers

Initiatives to ensure food safety and reliability

By establishing its own standards, Nissui pursues "Safety and Reliability" at every step of the way until the product is delivered.

The delivery of safe and reliable products is a primary responsibility for food manufacturers. The Nissui Group has established its own quality assurance standards and is engaged in various initiatives in each process.

Steps leading to the delivery of the product: Value chain of safety and reliability

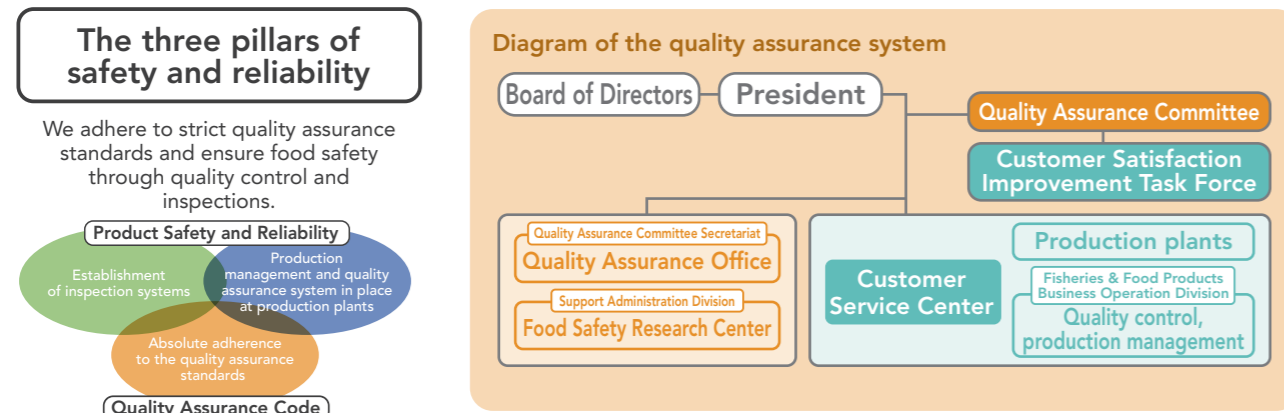


Quality assurance standards, establishing and maintaining quality assurance system, employee education

Quality Assurance Code

Quality assurance system

We have established quality assurance system based on our own quality assurance standards.



Various initiatives to ensure food safety and reliability

- **Products are produced only at plants that have met Nissui's strict standards.**
We have established a certification system for authorized production plants and conduct regular audits on the control status of each plant according to our own audit standards, which are based on the HACCP method of control.
- **Authorized plants undergo regular training.**
We share information relating to quality assurance with the plant managers and personnel in charge of quality control at conferences and seminars, and encourage improvements.
- **The entire Group takes part in Excellent Lab activities, which have been designed for maintaining inspection quality.**
In order to maintain and enhance the reliability of the inspection offices of the production plants, a certification system has also been established for the inspection office, which enables them to share inspection methods, technology and facility standards at regular conferences.
- **We promote food defense to protect food from malicious third parties.**
We have established a set of standards for "food defense," and provide both "hard" (tangible) and "soft" (intangible) guarantees against intentional acts of harm.



In step with our customers

Product development based on customer feedback

Nissui promotes its unique CS* activities in order to create customer satisfaction based on "Safety and Reliability."

As part of its activities to ensure food safety and reliability, the Nissui Group promotes customer satisfaction activities that draw on customer feedback for product improvement and new product development.

*CS: Customer Satisfaction

Handling customer complaints is a part of Nissui's quality assurance activities

Nissui has established a Quality Assurance Committee, which is chaired by Nissui's president as a control tower for ensuring product safety and reliability. The Committee manages the company-wide quality assurance system covering every process from production to distribution, and promptly handles important complaints received from customers. Furthermore, a Customer Satisfaction Improvement Task Force has been established, which reports directly to the Quality Assurance Committee.

Customer complaints are reflected in product development as feedback

The Customer Satisfaction Improvement Task Force is engaged in product improvement and product development activities, which draw on feedback received by the Customer Service Center. At the Nissui Group, claims made by customers are referred to as "complaints," reflecting the assumption that the fault lies with us and not the other way around, which is the basis for the concept of customer satisfaction.

Examples

The following cases are examples, in which customer feedback led to product improvement. The goal of our product improvement and product development activities is to not only resolve customer dissatisfaction but also to increase satisfaction.

Improvement of Iki Chikuwa packages

(Feedback from customers)
Customers were saying:
"The packages are difficult to open because they don't have opening slits."
"When my hands get wet from food preparation, the package becomes slippery and it becomes difficult to open the package."

▶▶ We switched to packages with zigzag cuts at the top and the bottom and eliminated a source of frustration for the customers.

The top and the bottom of the package were cut in a straight line making it difficult to open if your hands had gotten wet.

The top and the bottom of the package were cut in a zigzag line making it easier to open.

(Before improvement) (After improvement)

Indicating ways of serving fish sausages

(Feedback from customers)
"Can fish sausages be eaten without cooking?"
Customers were asking similar questions about fish sausages.

▶▶ We indicated delicious ways of serving fish sausages on the package.

The package had indicated disinfecting method: Heated to 120 degrees for 4 minutes. There was no indication of serving method.

In addition to "Heated to 120 degrees for 4 minutes," the serving method is also indicated on the package: "This product is delicious served as is."

(Before improvement) (After improvement)

Indication of disinfecting method is required by the Food Sanitation Act.

"We will incorporate feedback from outside of the company and promote product development from the perspective of the customer."

(Jun Nagasaki, General Manager, Customer Service Center)

Many of the feedback received from customers consist of inquiries about the products. We hope to establish a system where we can provide enough serviceable information so that the customers do not need to call and make inquiries. The information that we provide on the packages should be easy to see and to understand even for the elderly customer.

The important thing about developing better products is the customers' perspective, and to listen to feedback from outside of the company. We will invite members from outside of the company to sessions for exchanging opinions and further improve our system so that our efforts will not only be spent on the resolution of customer complaints but also to generate greater customer satisfaction.

As a member of society and the regional community, we will continue to engage in activities that are unique to the Nissui Group.

The Nissui Group, as a company that creates diverse values from marine resources, has been deepening its relationship with society and with the regional community through activities relating to "Umi to Sakana (the ocean and fish)," "food" and "regional contribution."

Umi to Sakana activities

The "32nd Umi to Sakana Competition" Independent Research and Artwork Contest

Nissui encourages elementary school students, who will grow up to lead the coming generations, to deepen their interest in the ocean and fish

The "Umi to Sakana Competition" Independent Research and Artwork Contest ("the Competition"), co-sponsored by Nissui, and sponsored and organized by Asahi Shimbun Company and Asahi Gakusei Shimbunsha, reached its 32nd year this year.

As the Japanese consume fewer and fewer fish, it is the purpose of this Competition to encourage elementary school children, who will grow up to lead the coming generations, to deepen their interest in the ocean and in fish. The Competition asks for submissions of independent research, observation charts, paintings, picture books, essays and handicrafts mainly on what the students learned or experienced during summer vacation.



Winner of Director of Japan Agency for Marine-Earth Science and Technology Award in Handicrafts of the Creative Division in the 31st "Umi to Sakana Competition" Independent Research and Artwork Contest, 2012
Artwork by **Kana Nakahashi**, 3rd grader of Shitennoji Gakuen Elementary School

Nissui holds active learning tours and traveling lectures so that children can learn about the marine products industry and fish

In order to encourage participation in the Competition, Nissui held Active Learning Tours for elementary school children to visit the Toyomi Fish Museum, Tokyo Sea Life Park and Japan Agency for Marine-Earth Science and Technology (JAMSTEC) during summer vacation. The children were then asked to submit works on such themes as the ecology of fishes and the secrets of the deep sea based on what they learned through the active learning programs. Additionally, with the cooperation of Fisheries Research Agency and the Japanese Society of Fisheries Science, Nissui held traveling lectures at elementary schools in which college professors and researchers explained the fisheries business and the ecology of fishes in a way that was accessible to children. During FY2012, 1,106 elementary school children took part in the active learning programs and traveling lectures. As a result of these activities, the total number of the items submitted up to the 31st Competition reached 597,189.

Going forward Nissui will continue to support children in discovering and experiencing the joys of the sea and learning about the importance of seafood through the "Umi to Sakana Competition" Independent Research and Artwork Contest.



Traveling lecture on "The Secrets of Bonito and Ayu" at Tano Elementary School, Kochi Prefecture



Children visited the Japan Agency for Marine-Earth Science and Technology and made dioramas of the seabed

Food activities

Shizenkaito-de-oishii (Delicious Thawed at Room Temperature) frozen prepared food series wins the Eco-Products Award (Excellence Award for Energy Saving Product)

In November 2012, Nissui's Shizenkaito-de-oishii (Delicious Thawed at Room Temperature) frozen prepared food series won the Excellence Award for Energy Saving Product in the 9th Eco-Products Award, sponsored by the Ministry of the Environment, among others. The Shizenkaito-de-oishii (Delicious Thawed at Room Temperature) frozen prepared food series of frozen foods, which were first developed in Japan by Nissui, are groundbreaking frozen foods that can be packed into lunch boxes straight of the freezer to thaw at room temperature. Because these frozen foods do not require reheating in the microwave, they are energy-saving and they also retain their original texture and taste. Nissui will continue to engage in the development of products that will reduce the load on the environment.



Nissui's tasty and energy-saving Shizenkaito-de-oishii (Delicious Thawed at Room Temperature) frozen prepared food series

Recycling Loop, a food resources recycling system

The Hachioji General Plant and Chilly Co., Ltd., with the cooperation of JA Shonai Midori, are engaged in ongoing closed-loop recycling activities, in which raw materials are procured from agricultural crops produced from soil, which, in turn, has been fertilized by compost made from food residue. The resources recycling system consists of vegetable scraps and waste from prepared foods collected from the plants being made into compost, which is then used by the contracted farmers of the Shonai region of Yamagata Prefecture to grow rice. The harvested rice is, in turn, used by the Hachioji General Plant, as an ingredient to make rice pilaf.



Participation in food banks

Since November 2008 Nissui has been participating in Second Harvest Japan, an NPO that distributes food to those in need. Second Harvest Japan acts as a food bank to connect safe-to-consume food that became unsalable for various reasons with those people who have limited access to food. In FY2012, Nissui donated approximately 25 t of frozen foods and going forward intends to continue this worthwhile activity.

Regional contribution activities

Nissui co-sponsors the National Tree Planting Ceremony held in Tottori Prefecture

The Nissui Group is engaged in the fishery and salmon aquaculture businesses in Sakaiminato City, Tottori Prefecture. Nissui and Kyowa Suisan Co., Ltd. co-sponsored the National Tree Planting Ceremony, which was held on May 26, 2012 in Tottori Prefecture. As illustrated by "the forest is an integral part of the sea" movement, the forest via the rivers is closely connected to the sea. The Nissui Group will continue to engage in environmental activities that involve both the forest and the sea.



Co-sponsorship of the National Tree Planting Ceremony

The Nissui Pioneer Exhibition, presenting 100 years of Nissui's history

The Nissui Pioneer Exhibition, which opened in August 2011 in Tobata-ku, Kitakyushu City, offers materials relating to the marine products industry collected by Nissui over the past 100 years and continues to provide relevant information. During the first half of this year, the Exhibition welcomed 3,989 visitors. The Nissui Pioneer Exhibition has been proactively involved in the regional community by cooperating with the Nissui Tobata Plant in supporting the social studies field trips of the elementary schools of the region, receiving group tours of citizen groups such as local continuing education centers, and participating in events planned by JR Kyushu and the local education boards.

Thank you for your comments on the Environmental Report 2012

We received various comments and feedback on the Nissui Environmental Report 2012 (published in December 2012). We would like to express our sincere appreciation for this. We intend to incorporate the comments of our stakeholders in improving our business activities and the preparation of better reports.



We have been able to publish our ninth Environmental Report through the support of countless people. In this issue we introduced Nissui's efforts in conserving biodiversity. Each employee plays an important part in environmental initiatives. We plan to continue our steady progress in the future. Please use the enclosed questionnaire to voice your comments and views on this Environmental Report.