

The background of the page is a light blue gradient. In the upper half, there is a faint world map. Below the map, there are several dark blue silhouettes of fish swimming in a wavy pattern. Sunlight rays are depicted as white lines radiating from the top right corner.

Nissui Environmental Report 2015

Issued December 2015

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CSR-based Management: Utilizing the Resources of the Earth and Sea in a Sustainable and Effective Way

The current fiscal year marks the first year of our mid-term business plan, MVIP 2017.

In the plan, we indicated our commitment to "aim to be a manufacturer with unique technologies which can differentiate in response to environmental changes." We also stated that "contributing to the society widely by promoting the management based on CSR as well as enhancing corporate value through strengthening financial structure." We are determined to take the steps needed to achieve those objectives.

Our basic management policy under MVIP 2017 is to "utilize the resources of earth and the sea in a sustainable and effective way and respect the environment."

The Nissui Group will actively pursue the aquaculture in order to strengthen its business under the mid-term business plan, and is working to achieve even more sophisticated aquaculture for various fish species in and outside Japan.

As a new site of operations in this area, we commenced coho salmon farming in Sakaiminato, Tottori Prefecture this fiscal year.

We built production facilities for integrated management from freshwater farming of fry, to transfer to fish pens on the sea surface, to processing and shipment. This aquaculture site is also serious about freshness; the time from landing through processing is as little as 10 minutes.

Moreover, we are practicing environmentally friendly operations leveraging original technology for automatic feed machines that prevent the scattering of leftover feed and avoiding polluting the sea environment.

Recognition of Sakaiminato Salmon as a

new regional brand is increasing, and we intend to continue working to contribute to the local community.

We are also determined to continue efforts to reduce our environmental impact, including reducing CO₂, water use, and waste discharge, recycling with the aim of achieving zero emissions, reducing the volume of containers and packaging materials used, and practicing green purchasing. Nissui Group employees have been conducting community cleanups at each business site since 2010. In October 2014 we held the ninth Local Surroundings Cleanup, and 1,203 employees at 88 sites took part. We will continue with this initiative, valuing the environment while communicating with members of each community.

We also plan projects to help employees learn about the symbiosis between the sea and land through hands-on preservation of village woodlands, rivers, and local coastal areas, in order to promote efforts to increase environmental awareness so that every one of the Nissui Group employees can take eco-friendly actions.

The basic corporate stance of Nissui, whose business relies on the bounty of nature, is respect natural resources and interact with the Earth and the sea with gratitude. True to this commitment, our entire staff will strive to achieve the goals of our mid-term business plan.



Norio Hosomi
President & CEO
Nippon Suisan Kaisha, Ltd.

Editorial Policy

Report objective

This report is published in order to provide information on the environmental initiatives of Nippon Suisan Kaisha, Ltd., to its stakeholders, including business partners, employees, shareholders, consumers, and local communities. This marks the eleventh edition of the report. We have upgraded the numerical data on environmental preservation activities by including data on certain Group companies in Japan in addition to the non-consolidated data of Nippon Suisan Kaisha, Ltd.

Report period

The numerical data of environmental preservation activities presented here are for fiscal 2014 (from April 2014 to March 2015). The section on the environmental management system and specific activities presents data mainly from fiscal 2014, but includes some activities through September 2015.

Report boundary

This report covers Nippon Suisan Kaisha, Ltd., (non-consolidated) and selected consolidated subsidiaries and 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 26 consolidated subsidiaries in Japan.

Referenced guidelines

Environmental Reporting Guidelines 2012 (Ministry of the Environment)

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Founding Principle, Environmental Code, and Mid-Term Business Plan MVIP 2017

Creating diverse value by leveraging unique technical capabilities focusing on marine resources

We aim to keep pace with environmental changes and deliver diverse value to customers by leveraging our unique technologies. It is with that vision that we marked the start of the mid-term business plan, MVIP 2017. Based on our Founding Principle and Environmental Code, we will achieve further growth while helping people around the world to maintain a fit and healthy lifestyle, making the most of our abilities and technology for producing a stable supply of farmed seafood, while leveraging our superior access to marine resources.

Supporting better living through marine products: Basic commitments of the Nissui Group

Founding Philosophy

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

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

Nissui practices CSR-based management and contributes broadly to society by fulfilling the "five genes" taught from our founding philosophy.

Nissui's Heritage

Sense of mission

Global mindset

Innovation

Commitment to customers

Hands-on approach

It is the Nissui Group's mission to make the most of marine resources to foster a future of better living for people around the world.

Environmental Code Nissui puts the Environmental Code into practice in its everyday operations.

Environmental Philosophy

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

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 by practicing energy conservation, resource saving, waste reduction, reducing volume of packaging & containers, environmentally friendly procurement, and other activities which alleviate environmental impact.

3 We will build and effectively operate an environmental management system. 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 by offering environmental education.

5 With respect to society, we will carry out environmental communication activities, and strongly emphasize environmentally friendly coexistence with the local community.

6 We will share this Environmental Code with companies affiliated with the Nissui Group.

Basic management policy of the mid-term business plan MVIP 2017

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

- We will create a global value network of resources including marine products.
- We will focus on R&D and marketing, and aim to create value and functions from the viewpoint.
- We will embrace the vision of entrepreneurs and engage in various innovations.
- We will utilize the resource of earth and the sea in a sustainable and effective way and respect the environment.
- We will fulfill our corporate social responsibility and enhance our brand value.

Mid-term business plan MVIP 2017

Inheriting the approach of the preceding mid-term plan, we will achieve growth driven by marine products.

"Make Value through Innovative Planning"

We will make value through innovation.

"Most Valuable Impressive Player"

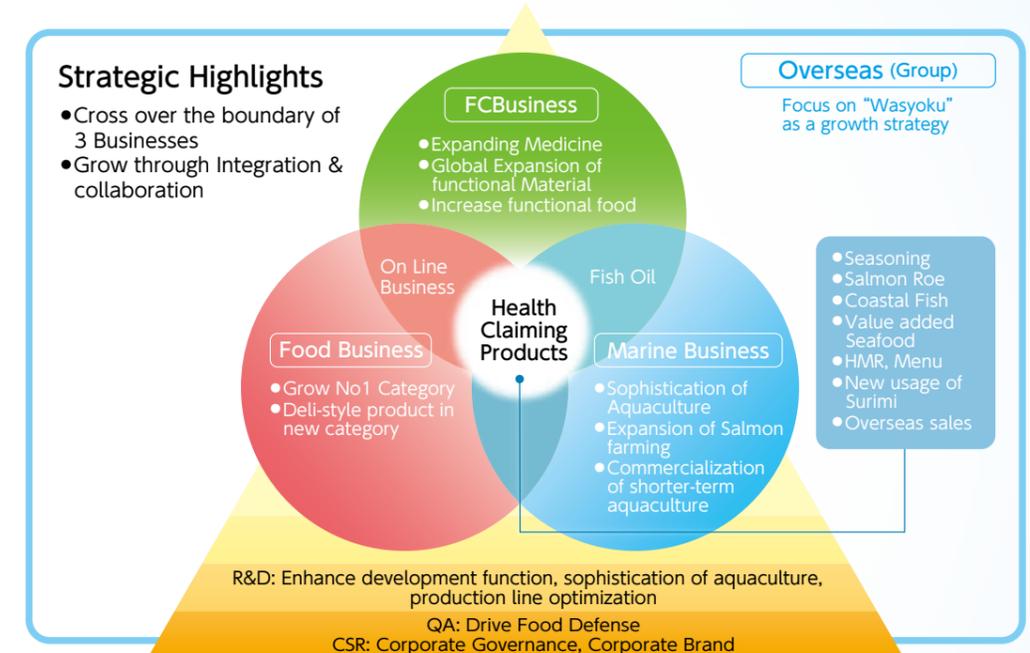
We hope that each of us will become a valued existence for society and company, for whom people will feel sympathy.

The Nissui Group's Vision

Aims to be a manufacturer with unique technological capability which can differentiate in response to environmental changes.

Main business strategy

In addition to strengthening each of our three businesses of Marine Products, Food Products, and Fine Chemicals individually, we will pursue enhanced performance by integrating areas where they cross-over. We will not only continue to refine the Fine Chemicals business, but also drive growth by strengthening collaboration between the Food Products and Marine Products businesses, treating the long-nurtured Marine Products Business as the core.



1 Marine Products Business

- Enhance resource access ability and maximize value
- Evolve into the business structure producing stable profit

2 Food Products Business

- Explore the field for growth based on our fundamental strength with more robust profit base

3 Fine Chemical Business

- Show the significant presence in health food with competitive Functional Lipid R&D technology and EPA information assets

4 Group Management

- Enhance governance as a group while respect each company's strategy
- Reinforce progress management system by setting specialized unit

5 R&D

- Promote development based on the unique technology with competitive advantage and differentiation
- Build a R&D promotion structure with a high regard for mid and long-term development

You can rely on the Nissui Group to keep evolving with the changing times.

Special Feature 1 Staying in Step with Customers

Healthy Living with EPA from the Sea

~Suggestions for healthy, delicious eating habits~

Nissui makes the most of marine resources to contribute to the health of its customers. In line with that commitment, we launched the new brand "Healthy Living with EPA from the Sea" to ensure more people can get EPA*¹ and DHA*² every day in easy and delicious forms. We make suggestions for healthy eating habits that are delicious with a wide range of products, indicating the content of EPA and DHA numerically and with a number of stars (★).

*1 EPA: Eicosapentaenoic acid *2 DHA: Docosahexaenoic acid

We support our customers' healthy lifestyles, using the system of "Foods with Function Claims" in Japan.

The system of "Foods with Function Claims" allows food packages to carry labels describing functions that may help with the maintenance and improvement of health, based on scientific evidence. The system was launched in Japan in April 2015. Nissui used this system to develop the new brand, "Healthy Living with EPA from the Sea," which features products rich in the functional compounds EPA and DHA. EPA is important for maintaining healthy blood and blood vessels, and DHA plays a vital role in the development of the brain and nervous system. The new brand offers a lineup of products in a wide range of categories and clearly specifies the content of EPA + DHA through the number of stars (★) indicated.

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

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

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

*Based on the JPHC Study, an observational study on Japanese people

Nissui's EPA and DHA research targets sustainable utilization of marine resources

EPA and DHA are substances contained in oil extracted from fish. Nissui began research into processing and using fish oil in 1934, aiming for sustainable utilization of marine resources. In the 1970s, Nissui began research focused on the health benefits of EPA, and in the 1980s Nissui became the first in the world to develop technology for manufacturing high-purity EPA from the fish oil of sardines.

Moreover, Nissui has been successful in extracting and utilizing various other valuable substances from marine resources, such as DHA and orange roughy oil.



We established the Hayatomo Fishery Research Group, Japan's first private fishery research organization, in 1934.

EPA's various positive effects in the body

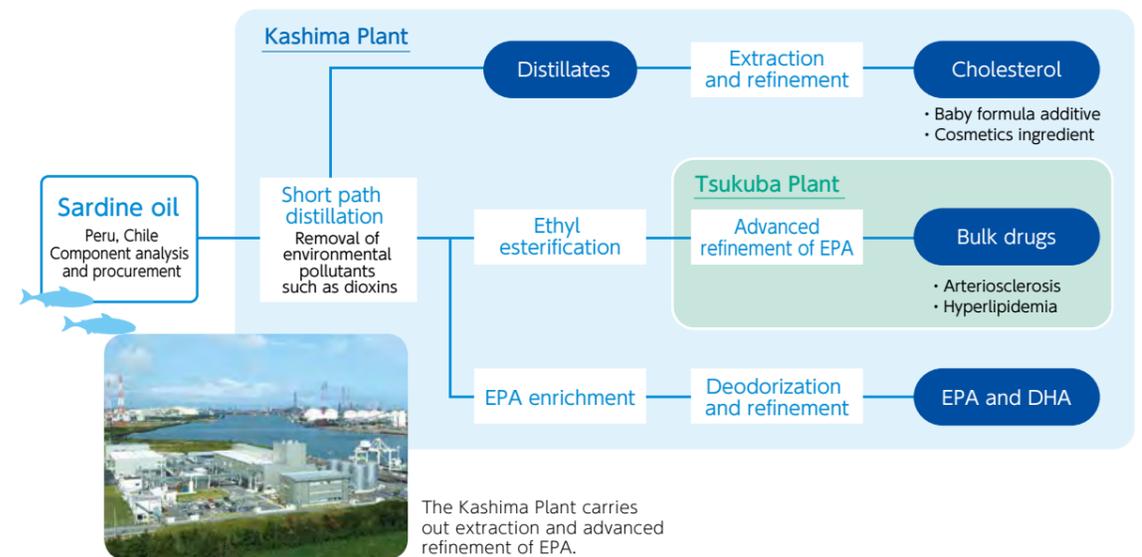
Science confirms that EPA helps to maintain normal triglyceride levels and also healthy heart function. Various other positive effects on the body may be expected from EPA, including maintaining a young vascular age and inhibiting inflammation and allergy reactions. Nissui has elucidated these functions of EPA through joint research conducted with universities and pharmaceutical companies, and has brought to market many related pharmaceutical products and supplements.

Pursuing safety and tastiness using advanced extraction and processing technology

Nissui's original extraction and processing technology has played a major role in bringing EPA products to market. Nissui is able to supply high-purity, pharmaceutical-grade EPA using advanced refinement technology and precision analysis techniques. We also combine different technologies to remove the environmental pollutants and cholesterol found in fish oils.

Furthermore, in order to use EPA, which oxidizes extremely easily, as an ingredient in food products, we refined our technical capabilities, enabling EPA to be processed in tasty ways. One example is the development of a unique masking technique that reduces flavor degradation.

"Healthy Living with EPA from the Sea" represents the pinnacle of the EPA and DHA extraction and advanced refinement technologies and food processing techniques that Nissui has developed for years.



The Kashima Plant carries out extraction and advanced refinement of EPA.

A part of everyday dining!

"Healthy Living with EPA from the Sea" lineup

The "Healthy Living with EPA from the Sea" brand includes a lineup of assorted products to enable customers to get EPA and DHA easily in delicious forms every day. Check product packages for the content of EPA and DHA, both of which help to maintain good health.

Aim for 900 mg per day!

Let's start healthy and delicious eating practice

Special Feature 2 Staying in Step with People's Lives, in Step with Our Communities

Sakaiminato Salmon Launched

The Nissui Group is working hard to increase the sophistication of its aquaculture for various fish species in and outside Japan. It aims to create new bases for the supply of marine resources that deliver safe, reliable, and delicious fish for all kinds of daily occasions. We commenced coho salmon aquaculture operations in Sakaiminato, Tottori Prefecture as one such initiative. The Nissui Group is fostering better living and contributing to the local community through the integrated production of its new brand, Sakaiminato Salmon.



Freshwater farm for hatching eggs and raising fry to 200 to 300 grams

From the pure waters of Mt. Daisen to the rough seas of the Japan Sea: Japan's first integrated production of farmed coho salmon

From Onagawa to Sakaiminato: Recovering from the damage of the Great East Japan Earthquake

Coho salmon is used as a food ingredient, and its consumption is growing worldwide. Aquaculture of coho salmon is one of the Nissui Group's major businesses.

Nissui began farming coho salmon in Japan in the latter half of the 1980s, at Onagawa in Miyagi Prefecture. For a while the site was producing around 2,000 tons per year, and Onagawa became well known as a major production area for coho salmon. However, the Great East Japan Earthquake of March 2011 gravely damaged our aquaculture facilities and plant, and we were forced to abandon hope of rebuilding them.

Nissui started considering candidate locations to reestablish its coho salmon operations as soon as possible. The site that caught our attention was Sakaiminato on the Japan Sea in Tottori Prefecture.

Integrated production, from freshwater farming of fry using cool and clear spring water, to product sales

The city of Sakaiminato was singled out first of all because of its water temperature zone. A water temperature between 10 and 18 degrees Celsius in the winter is ideal for stimulating the growth of coho salmon. This ideal temperature lasts for a long time in Miho Bay, which faces Sakaiminato, stimulating coho salmon to grow to a shippable size a month or more earlier than usual. The area was also blessed with an environment for raising fry. Mt. Daisen, the highest peak in the Chugoku Region is located in Tottori Prefecture, and it offers an abundance of cool and clear spring water. This area, which provides spring water at a stable temperature year round for growing coho salmon fry at freshwater farms, was the perfect environment for coho salmon farming. In December 2011, we started a pilot run of Japan's first integrated production of coho salmon, applying the aquaculture knowhow we had developed in Onagawa to Sakaiminato.

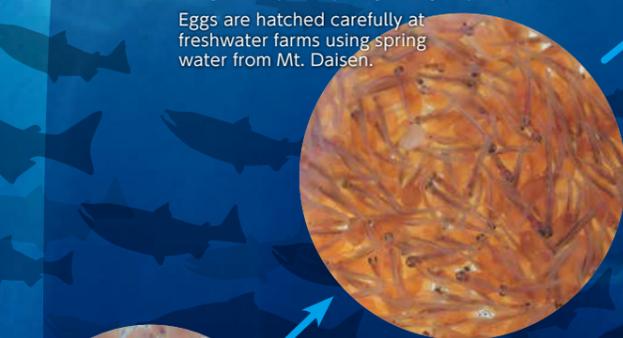
Adoption of automatic feeding machines that change the amount of feed depending on fish appetite

Coho salmon fry are raised at inland freshwater farms until they reach 200 to 300 grams, at which point they are transferred to pens three km offshore in Miho Bay. Automatic feeding machines have been installed to ensure that the fish are fed even on days when

Hatched larval fish: January

(Sekigane, Kurayoshi City; Hongu, Yonago City)

Eggs are hatched carefully at freshwater farms using spring water from Mt. Daisen.



Eggs: December

Eggs are purchased from Hokkaido and Canada and also collected in-house.

Fry: June

(Four locations in Tottori Prefecture; Kagamino, Okayama Prefecture; Anan, Shimane Prefecture)

Hatched fry are raised at freshwater farms at four locations in Tottori Prefecture.



Production of nursery stock

(Freshwater, near Mt. Daisen)

When fish reach 200 to 300 grams, they are sorted into nursery stock for collecting eggs and "Yusui Salmon" to be raised in freshwater.

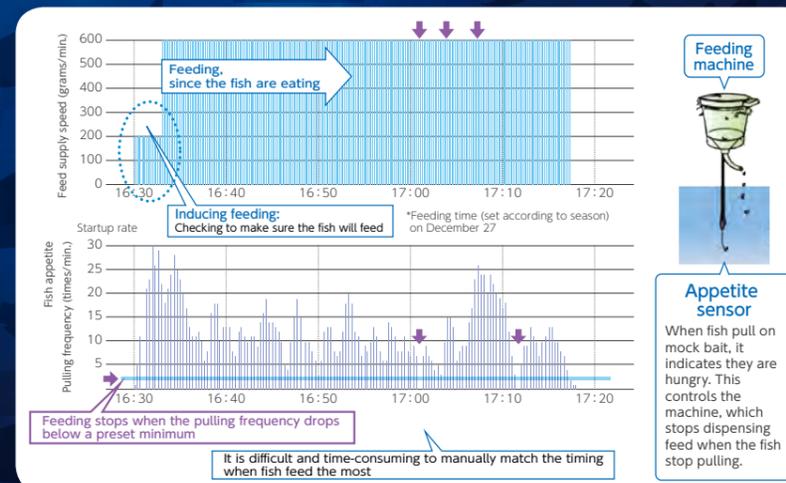
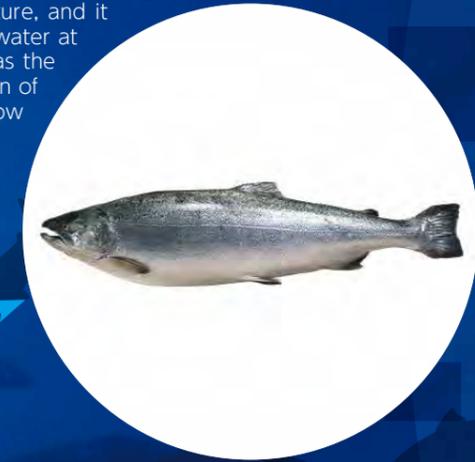
Sea surface aquaculture (Sakaiminato): End of November to December

Most of the grown fry are transferred from the freshwater farms to pens on the surface of the sea.



Shipment: April to May

Fish weighing 1.0 to 3.0 kg are shipped as Sakaiminato Salmon.



staff members cannot make it out to the pens due to rough seas.

The automatic feeding machines, called Nissui Aqualingual®, have built-in sensors that measure appetite by how many times fish pull on mock bait, and optimize the feed amount accordingly. This has reduced the waste of leftover feed and helped to minimize effects on the marine environment.

Ensuring a stable supply of delicious coho salmon while paying due consideration to the global environment—that is the advantage of an integrated production system.



Special Feature 2 Staying in Step with People's Lives, in Step with Our Communities

The Nissui Group works hard to promote its aquaculture operations contribute to the local community.

Yumigahama Suisan:
The company conducting the integrated operations which produce Sakaiminato Salmon

We have gradually increased the production volume of Sakaiminato Salmon since the trial run in December 2011. Based on the results, we decided to commence commercialization and full-scale aquaculture operations in November 2013. Yumigahama Suisan Co., Ltd., is the company we established to operate the business.

Yumigahama Suisan practices integrated management, from the production of nursery stock for collecting eggs, to the freshwater farming of fry and transfer to preserve on the sea, to processing and shipment.



Coho salmon landed alive from pens via a fish pump are immediately paralyzed and bled using the *ikijime* method.



The fish are processed in an HACCP-compliant process. HACCP is the international standard for food safety.



Fish are boxed in as quickly as 10 minutes after landing. The package is marked with information such as variety and piece number, enabling precise traceability.

When it is time for processing, we bring the preserve alongside the plant premises and use a fish pump to land the fish. We use the *ikijime* processing method (in which fish are instantly paralyzed and bled), and achieve ultra-freshness by getting fish boxed in as quickly as 10 minutes after landing. Whereas grilling used to be the general method for preparing coho salmon, the fish are now also used for sashimi and sushi. Further, we have achieved complete control over waste by managing the entire process at the processing plant.

Following Sakaiminato Salmon, Yumigahama Suisan is trying a new freshwater salmon product and attempting to farm other species such as amberjack and mackerel. The company will use its aquaculture and processing integration to deliver high value-added products.

The new brand Sakaiminato Salmon is sparking big expectations locally

The city of Sakaiminato is a fishing port boasting top-class hauls for Japan of red snow crab, flathead flounder, and Japanese common squid. As a new regional brand representing spring, Sakaiminato Salmon has become one of Tottori Prefecture's major marine products.

Raised in the swift currents and rough waters of the Japan Sea, Sakaiminato Salmon are high-quality coho salmon with firm meat developed through plenty of exercise. Moreover, the environment of Miho Bay, in which nutrients from the mountains and rivers mixes with the sea, makes for delicious salmon. Add the ultra-freshness of 100% *ikijime* processing and shipment, and Sakaiminato Salmon have become the new face of the city of Sakaiminato.



Responding to community support by making a contribution to the local society

When it moved its coho salmon aquaculture operations to Sakaiminato at the end of 2011, the Nissui Group received entire support from the city. Students from a local high school have been introducing Sakaiminato Salmon at community events since 2014.

Additionally, Yumigahama Suisan has launched efforts to contribute to the local community in earnest by making school visits to read a picture-card show about Sake no Gin-chan (Gin the Salmon) written by a preschool teacher and offering cooperation in hands-on programs enabling students to learn about the sea and fish.

In the fishing port of Sakaiminato, the Nissui Group will keep contributing to the local community as a place where many local citizens work.

Yumigahama Suisan's environmental preservation efforts

Yumigahama Suisan is also actively engaged in environmental preservation efforts. The plant is fully equipped with a wastewater treatment facility for recovering and treating bloody water and other waste generated when bleeding coho salmon. In 2015, it also installed a solar power system, which reduces CO₂ emissions by around 233 tons per year. As a company that lives together with the sea, Yumigahama Suisan will continue to contribute to preservation of the environment.



Yumigahama Suisan



Solar power system



Wastewater treatment facility





Environmental Management

Helping to build a sustainable society, using a company-wide environmental management system

Nissui has established an environmental management system based on the action guidelines prescribed in its Environmental Code. By minimizing environmental load occurring in every aspect of its business activities, Nissui promotes preservation of the natural environment and biodiversity, and fosters the sustainable utilization of resources. Nissui is doing its part in building a more sustainable society by setting numerical targets in the three areas of CO₂ emissions reduction, waste reduction, and reduction of water usage.



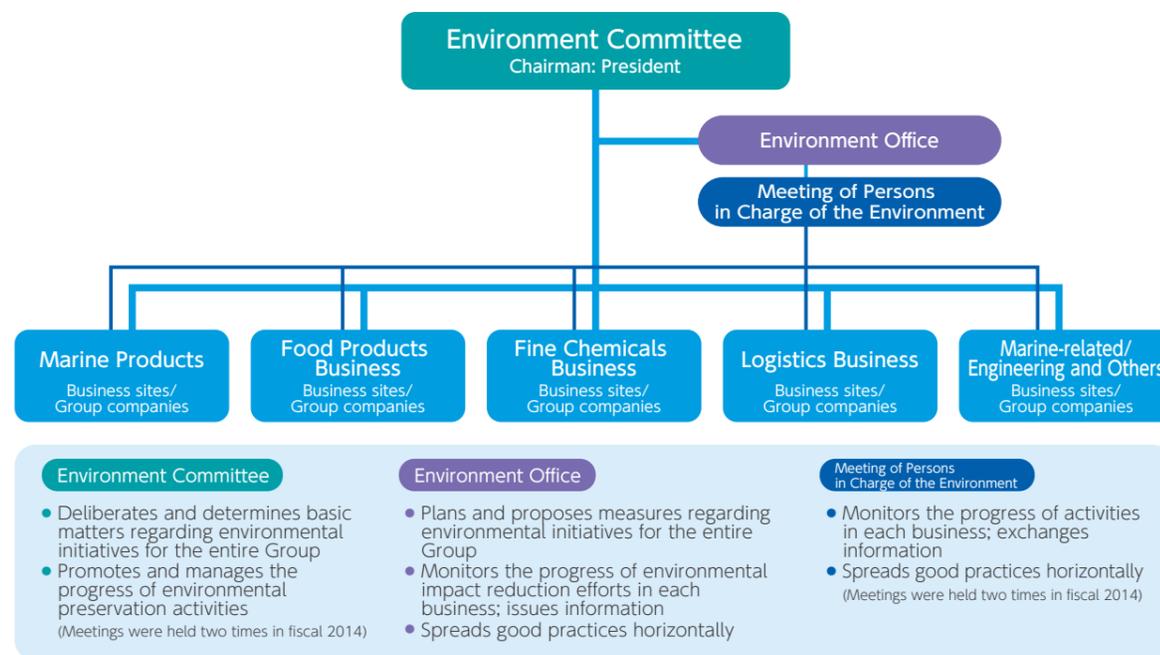
Environmental Impact Reduction throughout the Supply Chain

Striving to reduce environmental impact in all the processes that connect the world's seas to the dining tables

From the procurement of raw materials, to production, processing, and distribution, and finally to customers' tables, Nissui strives to reduce environmental load throughout its supply chain by keeping detailed statistics on the usage of resources and energy and the disposition of waste and other outputs that are generated in all aspects of its business.

Environmental management system

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



Acquisition of ISO 14001 certification

Nissui seeks to secure ISO 14001 certification, which is the international standard for environmental management. As of June 30, 2015, a total of 62 sites (offices, consolidated subsidiaries, and Group companies in Japan combined) had acquired ISO 14001 certification.

Environmental risk management

In fiscal 2014, there were no instances of accidents or problems that would severely impact the environment at any of Nissui's business locations. In addition, as it did the year before, Nissui continued to meet all standards on air, water quality, odor, noise and vibration set forth in laws and regulations. Nissui is in

compliance with Japan's Act on Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources, Act on the Rational Use of Energy, and Act on Promotion of Global Warming Countermeasures.

Environmental education and awareness building

In addition to the regular education conducted in the course of training new hires and at meetings for persons in charge of environmental matters, Nissui has been conducting environmental education focusing on biodiversity to ensure employees learn about the current conditions of the global environment and the steps being taken by Nissui to help build a sustainable society. In fiscal 2014, 82 employees at five business locations took this course.

Flow of resources and energy in FY2014





Biodiversity Preservation

Embracing the mission to protect marine ecosystems

Preserving biodiversity is an important mission of the Nissui Group, whose business foundation is marine products. The Nissui Group has included its commitment to preserving biodiversity in the Action Guidelines of its Environmental Code and aims to use marine resources sustainably and in harmony with marine ecosystems.

Initiatives to raise environmental awareness: Symbiosis with the sea and land

The Nissui Group pursues initiatives to raise environmental awareness in which employees can participate voluntarily, since protection of the forest produces good quality spring water, and the nutrients created in the forest are carried to the sea via rivers, leading to the growth of marine resources. In fiscal 2014, the Group conducted hands-on classes in the preservation of local coastal areas on the Hayama coast and in the preservation of village woodlands in Utsunuki field. Combined with the hands-on preservation of rivers conducted since fiscal 2013, we were able to accomplish a circle of cooperation.

Symbiosis with the sea and land (contributing to the sea)

Sea

Coastal preservation Hayama Coast Ocean Family

On November 22, 2014, we held a hands-on coastal preservation class on the Hayama Coast. A total of 30 people—employees of Nissui and Group companies along with their families—learned about preservation of the seashore and the creatures living there.

Forest

River

Circle of cooperation among the forest, river, and sea
Preservation of village woodlands and coastal areas

Woodlands preservation Hands-on village woodlands preservation in Utsunuki

On May 24, 2014, we held a hands-on village woodlands preservation class in Utsunuki field adjacent to our Tokyo Innovation Center. Nissui employees and their family members—28 people in all—had contact with diverse creatures in the woodland and learned about their preservation.

River preservation Tama River Fish Postbox

On November 9, 2013, Nissui employees and their families—38 people all together—gathered at the "fish postbox" in Inada Park on the shore of the Tama River. They learned about river preservation and biodiversity through work such as restocking the river with native fish species.

Initiatives to acquire the first ASC certification in Japan

Kurose Suisan Co., Ltd., a company in the Nissui Group, has been taking part in initiatives launched in 2010 to develop ASC certification* for Buri and is preparing for a pilot audit. A pilot audit is an on-site inspection to produce an audit manual based on ASC standards. It is an initiative to prepare for the actual future audit.

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



Sponsorship of Sustainable Seafood Week

WWF Japan and the Japan office of the Marine Stewardship Council (MSC) organized Sustainable Seafood Week (June 5-15, 2014) to point out the importance of supplying and consuming sustainable seafood. Nissui took part as a sponsor of this campaign.



CO₂ Emissions Reduction

Pursuing systematic reduction of CO₂ emissions in various aspects of our business operations

The Nissui Group has established numerical targets and is making all-out efforts in pursuit of the systematic reduction of CO₂ emissions, one of the factors in global warming. Nissui pursues the reduction of CO₂ emissions through such measures as energy- and electricity-saving efforts, the changeover to energy sources with low CO₂ emissions coefficients, and the use of renewable energy.

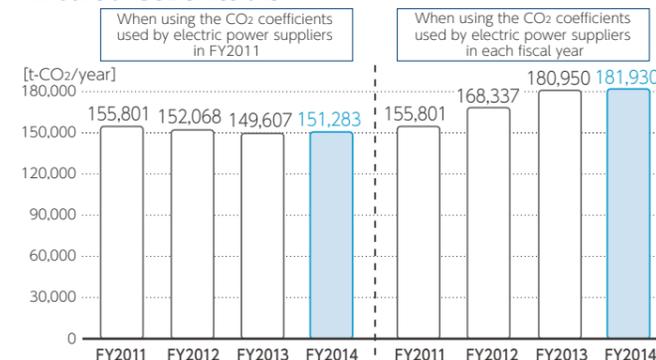
Amount of CO₂ emissions

Target 3% reduction over three years compared to FY2011 level (using the CO₂ emissions coefficients for 2011)

Performance 2.9% reduction compared to FY2011

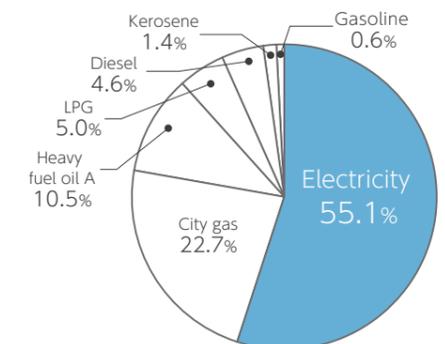
The Nissui Group established the target of a 3% reduction in CO₂ emissions over three years compared to the fiscal 2011 level. In fiscal 2014, the final year of the target period, total CO₂ emissions of Nissui's Group companies in Japan were 181,930 tons, up 0.5% from the prior year. Overall, this represented a 2.9% reduction compared to fiscal 2011, when using the CO₂ emissions coefficients for 2011, and thus we nearly achieved our three-year plan. The breakdown of CO₂ emissions by type of energy used shows that CO₂ emissions attributable to the use of electricity accounted for 55.1% (55.4% in the previous year), more than half of the total. This was followed by city gas with 22.7% (21.4% in the previous year) and heavy fuel oil A with 10.5% (11.4% in the previous year).

Amount of CO₂ emissions



Note: The amounts of CO₂ emissions from purchased electricity are calculated using the CO₂ coefficients used by electric power suppliers.

Percentage of CO₂ emissions by type of energy used in FY2014



Initiatives to reduce CO₂ emissions

Reducing environmental impact through evaporator replacement (Mogami Foods Co., Ltd.)

The Nissui Group's Mogami Foods replaced the fins in an evaporator, which is a part of a spiral freezer on its automated boiled food line. This enabled a substantial reduction in product temperature. Airflow was also adjusted at the same time. These changes resulted in even greater energy savings than expected.



Reducing CO₂ emissions by reusing exhaust heat from discharged warm water (Hachioji General Plant and Tobata Plant)

The Hachioji General Plant and the Tobata Plant have installed boiler water supply heating systems that use exhaust heat from discharged warm water generated in the production process for sausage retort. They are working at reducing CO₂ emissions by saving energy. The Hachioji General Plant has also installed solar panels at its site to generate solar power and uses sunlight collectors in lighting, further reducing CO₂ emissions in each part of the plant.





Waste Reduction and Recycling

Reducing and recycling waste with the aim of achieving zero emissions*¹ at all directly managed plants in Japan

Nissui is striving to practice the 3Rs*² for waste generated through business operations in order to promote the most effective use of finite natural resources. All plants in Japan under our direct control are aiming for zero emissions and promoting the reduction in recycling of waste. Additionally, we continued our efforts to reduce and recycle waste by targeting a 10% reduction of container packaging waste on a per unit basis (compared to fiscal 2011) by fiscal 2014.

*1 Zero emissions: Nissui's initiatives aim at recycling 99% of waste.

*2 3Rs: An acronym for Reduce, Reuse, and Recycle, this keyword was introduced in Japan's Basic Law for Establishing a Recycling Based Society in 2000 and is used in reference to activities for reducing waste and garbage.



Water Usage Reduction

Conserving and reusing water to protect limited water resources

Only 0.8% of the water on the earth is freshwater suitable for domestic use. In order to protect water resources, which are the foundation of its businesses, the Nissui Group is taking steps to systematically reduce usage by conserving and recycling water at its plants.

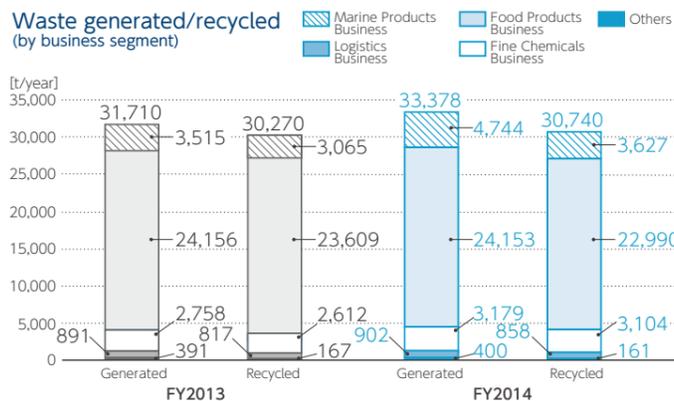
Waste generated/recycled

Target 1.1% reduction from FY2013
Performance 5.2% increase over FY2013

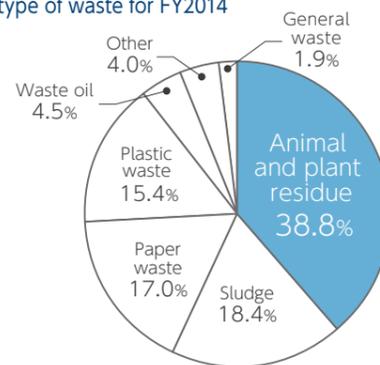
The Nissui Group worked at reducing waste, targeting a 1.1% reduction from the fiscal 2013 level. The amount of waste generated in fiscal 2014 was 33,378 tons, an increase of 5.2% over the previous year, missing the target. The breakdown of waste by type shows that animal and plant residue was the largest amount at 38.8%, followed by sludge at 18.4%, paper waste at 17%, and plastic waste at 15.4%.

The amount of waste recycled in fiscal 2014 was 30,740 tons (30,270 tons in the previous year). The recycling rate was 92.1%, a decrease compared to the 95.5% of fiscal 2013. This decrease was attributable to a decline in the recycling rates for sludge as well as animal and plant residue.

While we were aiming for a 10% reduction of container packaging waste on a per unit basis compared to fiscal 2011, it increased by 3.5%, due largely to lower product weights per bag, leaving the target unachieved. The total amount was reduced by 388 tons. Lastly, five out of our nine plants achieved zero emissions.



Percentage of waste generated by type of waste for FY2014



Initiatives to reduce waste

Efforts to promote eco-friendly actions such as recycling (Himeji General Plant)

Led by its Eco-promotion Committee, the Himeji General Plant is making efforts to preserve the environment. With respect to the reduction of waste in particular, members of the committee are raising employees' environmental awareness in diverse ways, including reporting through hand-made displays what they have observed at recycling centers, creating quizzes about zero emissions, and holding contests for eco posters and photography.



Recycling center visit by the Eco-promotion Committee

Initiatives to reduce waste from containers and packaging

Nissui is trying to reduce the weight and change the materials of product packaging containers. We were able to lighten packages of Fried White Fish with Tartar Sauce (pictured) by 33% by changing the size of the tray. We also made the packaging recyclable by eliminating the aluminum inside the bag and using only plastic.



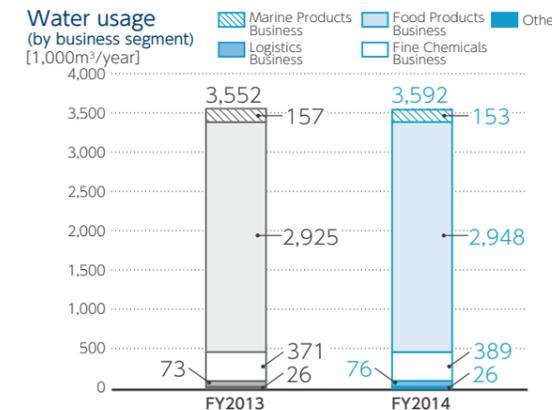
Example of container packaging reduction: Fried White Fish with Tartar Sauce

Water usage

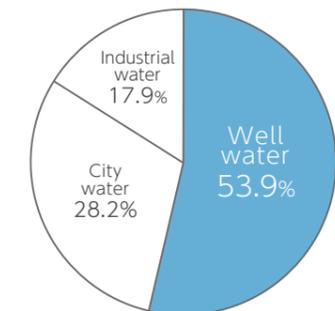
Target 1.3% reduction from FY2013
Performance 1.1% increase over FY2013

The Nissui Group engaged in initiatives to cut back water usage by appropriately 1.3% compared to fiscal 2013. Water usage in fiscal 2014 remained nearly the same as the previous year, increasing 1% to 3,592 million m³. Our target was therefore unachieved. In terms of business segments, the Foods Products Business used 82% of all water used. The amount of water used per unit of production decreased, partly as an effect of increased production output, and so we will continue our efforts to save water, including improving cleaning methods and visualizing water usage.

A breakdown of the source of water indicates that 53.9% came from well water, 28.2% from city water, and 17.9% from industrial water.



Percentage of water usage by type of water for FY2014



Initiatives to reduce water usage

Water usage reduced by over 850 m³ per year by eliminating waste in packaging line cleaning (Hachioji Processed Foods No. 1 Plant)

Changing the procedure for packaging line cleaning reduces both the work burden and amount of water used. Efforts to do so have produced results at the Hachioji Processed Foods No.1 Plant. First, the sequence of cleaning steps and the time needed for each was organized, and methods for cleaning with as little water as possible were considered. In addition to standardizing the way to drain water from the floor, a foam-like detergent was used for cleaning the line, which used to be the most time consuming step. This made it easy to clean away even stubborn stains and reduced the burden of cleaning work.

The improvements resulting from this effort were annual reductions in water usage of 850 m³ and man-hours for cleaning of 334.5 hours. Going forward, each and every employee will try to make improvements in all kinds of work with a shared awareness of the problems.





Harmonious Co-existence with Local Communities

Staying in Step with Society

Engaging in activities which is unique to the Nissui Group that making a solid connection with local communities and society

As a corporate group that creates diverse value from marine resources, the Nissui Group will deepen its connections with society and with local communities through activities relating to *umi to sakana* (sea and fish), community contribution, and food.



33rd "Umi to Sakana Competition" Children's Research and Artwork Contest

The 33rd "Umi to Sakana Competition" Children's Research and Artwork Contest, co-sponsored by Nissui, and sponsored and organized by Asahi Shimbun Company and Asahi Gakusei Shimbunsha, was held in fiscal 2014. The purpose of this Competition is to encourage elementary school children, who will grow up to lead the coming generations, to deepen their interest in and understanding of the sea and fish.

This year there were 31,741 competition entries (31,159 entries last time) from 31,769 children at elementary schools and groups across Japan as well as Japanese schools abroad. An award ceremony was held for the prizewinners and their families on December 6, 2014 at the Royal Park Hotel in Chuo-ku, Tokyo.



Award ceremony for the 33rd "Umi to Sakana Competition" Children's Research and Artwork Contest

Nissui Pioneer Exhibition: Contributing to the local community

In August 2011, as part of the commemorative activities for its 100th anniversary, the Nissui Group opened the Nissui Pioneer Exhibition in the Nissui Tobata Building in Tobata-ku, Kitakyushu City. The Nissui Pioneer Exhibition continues to provide information for fishing industry researchers and others, make contributions to the local community, and support education.

In September 2014, it participated in a walking event held in Kitakyushu. With three finalists from the Miss Okinawa pageant helping out, visitors to the Hall were delighted.



The Nissui Group's Local Surroundings Cleanups

The Nissui Group's employees hold community cleanups at each business location. In June 2014, 1,227 employees at 84 sites belonging to Nissui Group companies took part in the 8th Local Surroundings Cleanup. As it was almost the opening of the beach-going season, some sites held beach cleanups. A Local Cleanup was held again in October 2014, with the participation of 1,203 employees at 88 sites.



Eco Letters encouraging environmental and social contributions from a personal standpoint

The Nissui Environment Office periodically sends out an Eco Letter to employees in an effort to raise their environmental awareness. Issues of the Eco Letter describe the relationship between the world's forests and people's dining tables and suggest environmental and social contributions from a personal standpoint, such as field experiences offering contact with the connections among the forest, rivers, and sea, and tactics for reducing trash in one's everyday life. We are encouraging employees to take voluntary actions.



Plant tours for elementary school students and more

Nissui and the Nissui Group provide plant tours for local elementary school students and others as well as work-study programs for junior high school and special-needs school students. During plant tours, visitors learn about the secrets to tastiness and how to make safe and reliable products through a hands-on food-making class in which local parents and children actual make items such as *chikuwa*, fish sausage, deep-fried foods, and pilaf. Additionally, we try to raise visitors' environmental awareness and practice close communication with community members through tours of a biotope established on plant premises and classes for children to make recycled cloth sandals.



Making *chikuwa* at Himeji General Plant



Touring the biotope at Anjo Plant



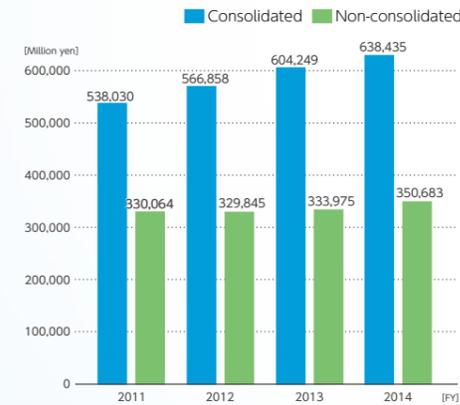
Making recycled cloth sandals at Himeji General Plant

Company Overview (As of March 31, 2015)

Company Name Nippon Suisan Kaisha, Ltd.
Head Office Nishi-Shimbashi Square, 1-3-1, Nishi-Shimbashi, Minato-ku, Tokyo 105-8676 Japan
Founded 1911
Established 1943
Capital 23,729 million yen
Main Businesses **Marine Products Business:** Fishery, aquaculture, purchasing, processing and sales of marine products (fresh fish, frozen fish, oils and fats [fish oil] and meal [feed])
Food Products Business: Development, manufacture and sales of frozen prepared foods, 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
Logistics Business: Frozen and refrigerated storage, transport of frozen and refrigerated freight

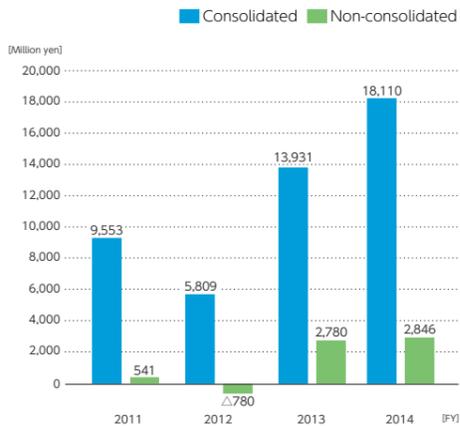
Sales

(FY2011-FY2014: Consolidated/Non-consolidated)



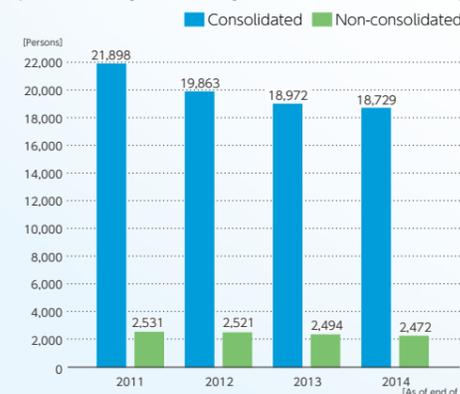
Operating income

(FY2011-FY2014: Consolidated/Non-consolidated)



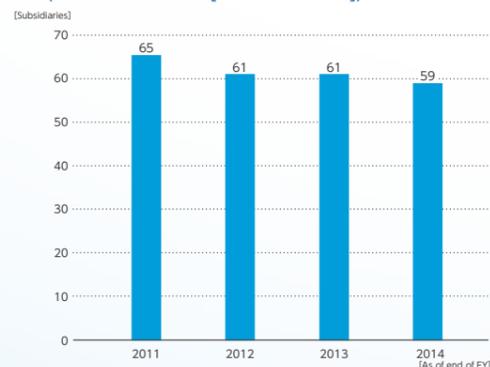
Number of employees

(FY2011-FY2014 [As of March 31]: Consolidated/Non-consolidated)



Number of consolidated subsidiaries

(FY2011 - FY2014 [As of March 31])



Third-Party Opinion

My reading of the Nissui Environmental Report 2015

Osakabe Masahiro

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

Prof. Osakabe's fields of specialization are energy and environmental engineering. In 2002, he launched the Smart Study Group and announced his new energy concept. He is proposing a new system to address depopulation and aging, which have plagued the Tohoku region since the Great East Japan Earthquake. Prof. Osakabe also lent his insight to the accident analysis in the NHK TV program series "Meltdown," which has won numerous awards, including the Grand Prize of the Agency for Cultural Affairs Art Festival. Recently, he has been engaged in environmental preservation through blue carbon.



The phrase, "CSR-based Management Utilizing the Resources of the Earth and Sea in a Sustainable and Effective Way," at the beginning of this report seems to reflect Nissui's corporate stance of respecting natural resources and interacting with the earth and sea with gratitude, and to indicate its strong commitment to stressing CSR. The page after that introduces the company's founding philosophy, Environmental Code, and mid-term business plan MVIP 2017, indicating that the Nissui Group will adhere to an environmental philosophy while creating diverse value through its unique technologies focused on marine resources.

The special features discussed suggestions for healthy eating habits that are delicious under the title, "Healthy Living with EPA from the Sea," and introduced the company's Sakaiminato Salmon business. Japanese people's intake of meat has grown by four-fold over the past 40 years, causing concerns of multiple effects. This report paints a picture of Nissui contributing to health through food, based on EPA and DHA, while also contributing greatly to the local community by achieving Japan's first integrated production of farmed coho salmon at Sakaiminato. In particular, I think it is splendid

that the company is contributing to preservation of the marine environment through substantial reductions in leftover feed by making bigger automatic feeding machines, which had only been tested at the level of university research, and putting them to practical use.

Furthermore, the report indicates that steady progress is being made on a variety of initiatives, including the establishment of an environmental management system, the reduction of environmental impact throughout the supply chain, the preservation of biodiversity, the reduction and recycling of waste, and the reduction of water usage. With respect to CO₂ emissions reduction, the company was nearly able to achieve its reduction target through independent efforts. However, CO₂ emissions rose slightly when taking into account the higher electric power emission coefficient following the Great East Japan Earthquake. I hope that the company will make reductions in the future through further adoption of renewable energy and energy savings. Lastly, I hope to see greater expansion of the social contribution efforts discussed on the last page about harmonious co-existence with local communities, which have the distinctive character of Nissui and are an important aspect of CSR.

Response to the Third-Party Opinion

We thank Professor Osakabe for his valuable comments.

As Professor Osakabe pointed out, it is the Nissui Group's basic management policy to "utilize the resources of the earth and sea in a sustainable and effective way and to value the environment," as specified in the mid-term business plan MVIP 2017 based on our founding philosophy and Environmental Code.

We are now offering "Healthy Living with EPA from the Sea" brand products so that people can make broad use of EPA extracted and processed from marine resources using Nissui's unique technology as part of a healthy lifestyle.

Additionally, we have launched Sakaiminato Salmon as a new aquaculture business and will keep carrying out activities that contribute to the local community.

Combined with the various social contribution activities that we have traditionally engaged in, we will also pursue environmental initiatives as part of our CSR efforts. We ask for your ongoing support and guidance.

Munehiro Ise

Executive Officer
Responsible for
Environment Office,
Nippon Suisan Kaisha, Ltd.

