



Processed food

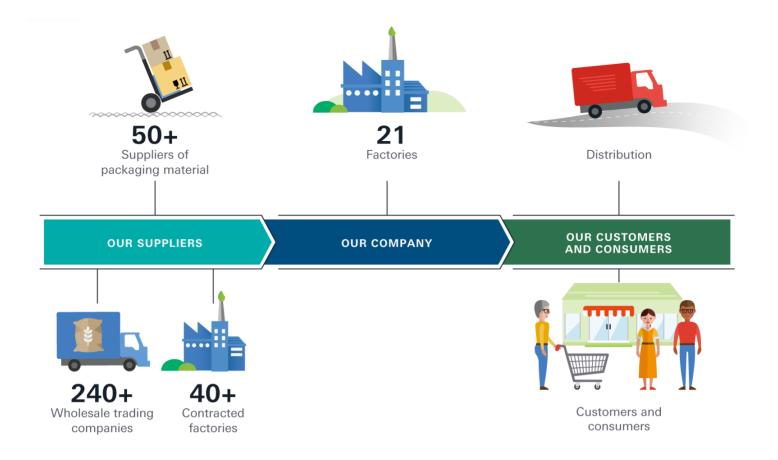
Our new Group purpose and purpose by each business can be found here

Overview

In the processed food business, we seek to provide safe and delicious food for consumers, in the hope that they will choose our products for their loved ones. We will continue to aim to be highly evaluated by our customers through the world of food, which is the source of our lives.

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

Our processed food business value chain*



* This diagram represents the value chain of products for frozen and ambient foods. We do not deal directly with raw material producers – such as growers – who provide raw materials to the trading firms or to the contracted factories that supply us.

Processed food business sustainability strategy

Our processed food business aims to continuously deliver products with a commitment to quality and technology, in line with consumer needs. In view of this mission, in 2019, we selected the three focus areas below and set eight specific targets for these focus areas.

Focus areas	Aspirational goals
Products and services	We will continue to provide high-quality, technology-driven products in response to our customer's needs, to satisfaction and trust.
People	We will ensure workplace safety for our employees, while continuously investing in people who can contribute to enhancing corporate value.
Supply chain	We will reduce social and environmental impacts and continue to deliver safe products to consumers.

Sustainability strategy of processed food business

Four strategic focus areas		Targets	Progress	
Products and services	We will continue to provide high-quality, technology-driven products in response to our custom- er's needs, to satisfaction and trust.	Improving Consumers' Quality of Life We will develop and provide high-value-added products with a focus on "health," "convenience," and "diversity," in response to diverse consumer needs.	In 2021, we launched 3 products that do not require a plate when cooked or served and thus are convenient for consumers. In addition, our frozen and ambient floods, seasonings and bakery businesses rolled out the total of 10 new products that meet consumers growing health conticusmess, including low-rait products and those containing lactic acid bacteria.	3
our employee investing in p	We will ensure workplace safety for our employees, while continuously investing in people who can contribute to enhancing corporate value.	Enhance Job Satisfaction We will further improve job satisfaction by promoting talent development in a secure and motivating workplace.	We have promoted new working styles such as remote working without restrictions on the number of working days and flexible working schedules without core hours. Thanks to the relevant initiatives, approximately 70% of the employees who are entitled to remote working have adopted work from home in 2021, workshops and training sessions were also organized to improve communication among employees.	and a
		Zero Injuries In line with our vision of zero workplace injuries, we will reduce injury rates by 25% by 2025 and 50% by 2030. (Baseline year: 2018)	Recordable injury rate ⁴¹ increased 24% from 0.90 in 2018 to 1.12 in 2021. Taking this result seri- ously, we are enhancing existing initiatives to achieve our vision of zero workplace injuries by thoroughly implementing action plans to prevent recurrence and improving safety aware- ness among our employees.	M
		Community Investment** Between 2015 and 2030 we will invest U55600 million to help make communities inclusive and resilient, with our employees contributing 300,000 volunteering hours.	Since 2015, we invested US\$390 million in our communities and employees volunteered 164,280 hours on company time. 2015 2021 2031 2031 2031 2031 2031 2031 2031	10 mm. 11 mm. 15 fm. 4 mm. 1 m
			2015 2021 2000 T64,2200 300,000	
me	We will reduce social and environ- mental impacts and continue to de- liver safe products to consumers.	Establishing Corporate Brand as Safe and Trustable Food Company We will promote food safety management in compliance with global food safe- ty standards to develop food safety. We will also enhance the way we commu- nicate with customers so that they retain trust in our food quality.	We have carried out regular inspection in outsourced and our own factories. Also, through internal training programs, we try to raise awareness to improve the quality of our products, the noder to communicate with consumers and reflect their voice to our products, we launched a new online tool to share consumer feedback with all employees.	© T
		Promoting Use of Eco-friendly Packaging Materials We will promote the use of renewable plant-based resources and reduce our use of non-renewable resources, to reduce the environmental impact of our products.	In order to reduce plastic use and carbon emissions, we undertook various initiatives across the frozen and ambient foods, seasonings and bakery businesses, including discontinuing the use of inner film for 4 frozen food products, reducing packaging materials, and replacing drinking straws used in eating space at bakery stores by those made from biomass, which will cut carbon emissions by 23%.	12 mm
		Waste We will reduce the amount of waste associated with our Japanese domestic offices by an average of 1% per year. (Intensity target*5).	In 2021, we reduced the amount of waste per unit of production volume associated with our Japanese domestic sites by 0.71% from 2020.	12 <u>12 13 1</u>
		Greenhouse Gas Emissions We will reduce greenhouse gas emissions from our own operations by 28%, between 2015 and 2030.	Since 2015, we have reduced greenhouse gas emissions from our own operations by 22%.	55.00
			In accordance with the update of the "JT Group Environment Plan 2000" in February 2022, the GHG-related targets were updated as follows, and the progress will be published starting in 2022 We strive to contribute to GHG emissions reduction as stated in the "JT Group Environment Plan 2000". Gcope 182.47% reduction against a 2019 base year; Category 1 of Scope 3.28% reduction against a 2019 bare year)	⊘

*1 Recordable injury rate = Recordable injuries/200,000 hours worked.
*2 Target for Community investment is a Group-wide target.
*3 Intensity target = Amount of Waste per unit of Production volume.



The eight specific targets of our processed food business contribute to achieving the goals set out in the <u>JT Group sustainability strategy</u>.

Respecting human rights

Investing in people

Improving our social impact

Our business operation and sustainability

We have a rigorous quality and process control system based on the four priorities of food safety, food defense, food quality, and food communication.

Read more >

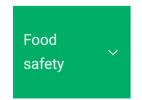


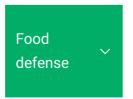
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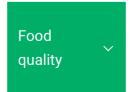
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Our business operation and sustainability

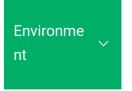
Our business operation and sustainability







Food communic v ation



Food safety standards



Our processed food business has 27 factories, which produce a variety of food products, from frozen and ambient foods and seasonings. 18 of these factories are located in Japan, and nine are located in China, Indonesia, Thailand, and the U.S. Our products are sold primarily in the Japanese market.

We make sure that all of our factories* are certified to the global food safety standard FSSC 22000. FSSC 22000 is recognized by the Global Food Safety Initiative (GFSI), the food industry's global body for promoting food safety management.

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

We also work with multiple independent advisors, who have helped to develop our approach to food safety since 2008. Throughout the year, these advisors provide useful information. In 2021, they gave presentations to our employees on industry topics such as food safety, consumer consciousness, and/or the laws and regulations relating to the Food Sanitation Act. These events provided employees with a greater awareness of new developments and important topics in the field of quality control.

In order to ensure food safety, we have introduced a system that records information about our products at every stage of the process, from the raw materials and production to processing, distribution, and sales. This means we can retrace our product to any point, if necessary.

* One of our factories, which started its operations in 2020, is on track to receive this certification.

Food defense practices

Food defense is about protecting our manufacturing processes and products from intentional contamination. We apply robust food defense guidelines across the supply chain, both in our own factories and our contracted factories. We also carry out annual audits to check how well these

guidelines are being implemented.

We are continuously strengthening our food defense mechanisms. We are working on further utilization of factory cameras and enhancement of our drug management system both in our own factories and our contracted factories.



Enhancing food quality

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

We also listen to our consumers' suggestions for improving product quality, and swiftly share these with our factories and operations.

Our internal Quality Assurance Committee enables us to effectively respond to our consumers' recommendations. The Committee includes not only members of the Quality Control division, but also representatives from many other divisions, such as Product Development, Manufacturing, Distribution and Marketing and Sales.

Our consumer complaints management system is based on ISO 10002, the international standard for customer satisfaction and complaints handling. To enhance the quality of our correspondence with consumers, in 2016, we introduced a voice transcription system at our Consumer Call Center. This system transcribes and records correspondence with our consumers on behalf of our operators, enabling the operators to focus on providing excellent customer service.

Further food communication



Transparency is at the heart of our business, and we are always willing to provide details about our food products. We respond to consumers' requests for information and disclose the precise factory where food products were made, or the country of origin of the main ingredients.

We also have toll-free numbers on our product labels which consumers can call for extra information. In 2019, we improved the customer inquiry form on our corporate website to make it more relevant for our consumers.

We seek to provide safe and delicious food for consumers, in the hope that they will choose our products for their loved ones. This principle is not limited to our R&D and manufacturing sites; it applies across all of our operations. We understand the importance of listening to consumers, and have introduced a new online tool to share consumer feedback with all of our employees. We will continue to embed and reinforce this consumer-centric approach throughout our operations.

Reducing our environmental impacts

Biomass co-generation system

As part of our efforts to reduce environmental impacts within our operations, one of the companies within the JT Group, Thai Foods International, built

a biomass co-generation system for its Thai factory , where it manufactures seasonings.

The system, which started its operations in 2020, uses rice husks as an alternative fuel source. This system is expected to significantly reduce purchased electricity usage and the resultant Scope 2 greenhouse gas (GHG) emissions by 7,000 tons per year.

This project, which has been adopted by the Joint Crediting Mechanism of the Ministry of Environment in Japan, not only helps us to reduce energy costs but also contributes to GHG reduction in Thailand.

Eco-friendly packaging initiatives

Removing the inner film

We have removed the inner film from the packaging of our "Okonomiyaki" range of Japanese savory pancakes. Through this initiative, we expect to reduce the amount of plastic raw materials we use annually by approximately 34 tons. This change could also reduce our CO2 emissions by approximately 160 tons.



Product packaging as of March 2022

Before



After



Biomass plastic as a raw material for the packaging

A by-product of rice milling is crushed rice: rice that is broken during the milling process and can no longer be used for manufacturing. In a first for the industry, we are now using the domestic biomass plastic RiceResin[®]*, which contains 10% of crushed rice generated by our Group, as a raw material for the packaging of some of our cooked rice products. In addition to using RiceResin[®], we have reduced the amount of petroleum-based plastic in our packaging by around 4.2% compared to conventional products. We have done this by making the exterior film even thinner.

* RiceResin[®] is a registered trademark of Biomass Resin Minamiuonuma Co., Ltd. Old rice that is not edible and crushed rice generated during rice milling are upcycled into plastic using new technology.