

Sustainable Procurement

Through food, the Group aims to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives. We are working to realize a sustainable society based on the Group’s philosophy.

In order to continue to provide products and services that are trusted and satisfy our customers, we will respect the importance of our business partners, and conduct fair, transparent and appropriate transactions in consideration of social responsibilities such as human rights, work practices and the environment.

➡ See here for the Procurement Policy of House Foods Group
<https://housefoods-group.com/company/policy/csr.html> (Only in Japanese)

Procurement and purchasing initiatives

We build fair and impartial relationships with our business partners in procurement and purchasing, emphasizing partnerships rather than mere sales relationships. When procuring raw materials, our staff visit the production areas to directly check the environmental initiatives and working conditions. We also rigorously examine investigation reports, evaluate their reliability, and only use raw materials that meet the safety standards of the House Foods Group. In particular, when it comes to newly adopted raw materials, we set strict standards regarding residual pesticides and allergens, and only select those that meet these standards. Furthermore, we are deepening mutual understanding with our business partners through our procurement policies, CSR guidelines, and strengthening our collaborative frameworks.

➡ See here for the House Foods Group Materials Supplier CSR Guidelines
https://housefoods-group.com/sustainability/otorihikisaki/pdf/en_guideline.pdf

Initiatives with suppliers

The Group joined Sedex*, the world’s largest platform for managing and sharing ethical information for global supply chains, in December 2021 as an AB member (buyer/supplier member), and is working on responsible procurement and building an ethical and sustainable supply chain. Through the use of Sedex tools and services, we aim to promote safe, ethical and sustainable business practices with our suppliers and to protect the working environments of people working in the supply chain.

Furthermore, starting in December 2022 we began participating in the “Buyer Member Sedex Working Team for the Japanese Food & Beverage Industry,” a team started to more efficiently advance human rights due diligence for both buyer and supplier companies, and we are working to confirm and ascertain the status of CSR Guidelines compliance, including issues pertaining to human rights with all business partners of House Foods Corporation, House Wellness Foods Corporation, House Gaban, and Malony.

*Sedex: Sedex is headquartered in the UK and is one of the world’s leading member-system organizations that provides ethical trading services, and works to improve working conditions in the global supply chain. Sedex provides the practical tools, services and community networks that companies need to improve their responsible, sustainable business operations and responsible procurement.



VOICE



Akemi Noguchi

Procurement Division
House Foods Group Inc.

Enhancing Partnerships with Suppliers for Raw Material Procurement

Our Group is a member of Sedex, and we are making efforts to protect and improve the labor environment for people who work in our supply chain. In addition to holding explanatory meetings with our business partners, we asked them to complete a survey provided by Sedex (with the addition of our own open-ended survey items) and received responses from around 82% of our business partners.*

Going forward, we plan to review our CSR guidelines in response to changes in the external environment. We will use a questionnaire survey based on the new guidelines to confirm and evaluate the current content, and will continue to work with our business partners to improve working conditions in the supply chain.

*FY2024, procurement value basis

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Starting the Sansho Production Area Formation Project

Starting in April 2025, SUGIMOTO Co., Ltd. Minami Kyushu University, sansho pepper producers, and the Group (House Foods Group Inc., Vox Trading Co., Ltd.) jointly launched a full-scale “Sansho Production Area Formation Project” to increase the number of producers and establish a brand Takachiho-go, Miyazaki Prefecture, and Oku-Aso, Kumamoto Prefecture*.

Sansho is one of the few spices native to Japan, and is an essential ingredient in Japanese cuisine. However, due to the producers of the spice aging and the fact that many trees were downed during a typhoon in 2018, the harvest volume has dropped 50% compared to 10 years ago.

Based on our value chain management approach, this project is an important initiative that seeks to enhance the upstream elements of cultivation and procurement, and by being involved in the entire process from cultivation to branding and sales, we hope to explore the various possibilities of sansho pepper, increase its value, and deliver that value globally. By maximizing the value of the Japanese spice, sansho pepper, and communicating its benefits to the rest of the world, we will help preserve and expand Japanese food culture, and contribute to the development of regional communities by promoting their appeal and cultivating new agricultural leaders.

*Takachiho-go refers to Takachiho Town, Gokase Town, Misato Town, Shiiba Village, Morotsuka Village, and Hinokage Town in Miyazaki Prefecture, and Oku-Aso refers to Yamato Town and Takamori Town in Kumamoto Prefecture.



Respect for Human Rights

Our Group recognizes that human rights may be affected directly or indirectly in all stages of its business activities. We have established a human rights policy for the House Foods Group to respect the human rights of all persons involved in our business activities. In accordance with this policy, the Group will further promote efforts to respect human rights.

➡ See here for the Human Rights Policy of House Foods Group
<https://housefoods-group.com/en/company/policy/human.html>

Promotion system

The Human Rights Promotion Team is responsible for reviewing mechanisms and systems for promoting human rights issues and for continuously collecting information. It regularly makes proposals and reports to the Management Committee. The materials and minutes reported at the Management Committee are shared with all directors, including outside directors.

In addition, the Audit & Supervisory Committee regularly reports on the status of the helpline and provides detailed explanations on human rights issues reported at the Management Committee as necessary. Opinions of the Audit & Supervisory Committee are reported by the Board of Directors and fed back to the relevant divisions.

Human rights due diligence

Human rights due diligence is a preventative measure, and there is always a potential negative impact on human rights. Therefore, the cycle needs to be maintained (identifying/evaluating negative impacts, preventing/mitigating them, evaluating the effectiveness of initiatives and explanation/disclosure).

We will work continuously to promote human rights due diligence in accordance with the Guidelines on Respecting Human Rights in Responsible Supply Chains created by the Japanese government.

Identification and evaluation of negative impacts

In implementing due diligence on human rights, the Group is working to identify human rights risk areas (high priority areas where adverse impacts on human rights may occur) we can prioritize through our internal business activities and transactional relationships within the supply chain, among other areas.

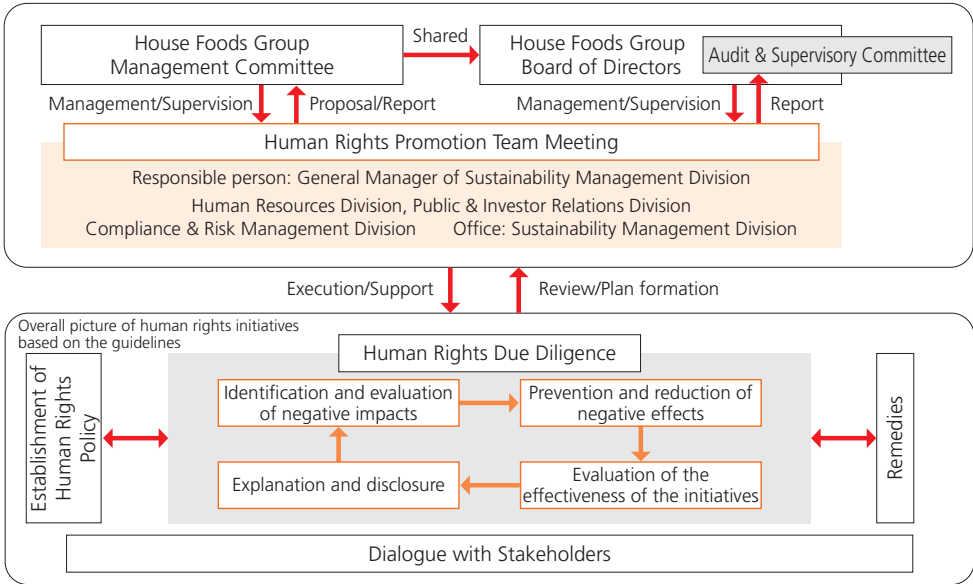
<Identifying Priority Human Rights Risk Areas>

- Foreign nationals who use the Technical Intern System and Specified Skilled Worker System in Japan
Harassment, discrimination, workplace safety and health, and forced labor
- Raw materials and packaging suppliers
Workplace safety and health, forced labor, and child labor



Interviews with Foreign Technical Intern Trainees

Overall picture of human rights initiatives and management system



Remedies

We have established an internal helpline and a supplier helpline about remedies.

➡ See here for the Help Line System

<https://housefoods-group.com/sustainability/compliance.html> (Only in Japanese)

IN FOCUS

Directors study session on human rights

In October 2024, we held a study session with an external lecturer on the theme of “New Management Agenda: Business and Human Rights.” Participants included directors, including outside directors, members of the Human Rights Promotion Team, and heads of relevant departments. This was an opportunity to reaffirm that human rights initiatives are an important management issue, and to deepen participants’ understanding of cutting-edge human rights trends around the world.



Food Safety and Security

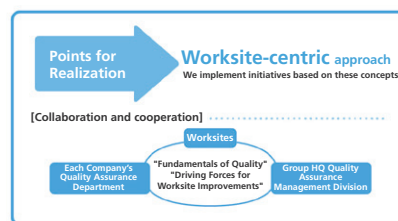
To continuously provide safe and reliable products and services to our customers, all employees of the Group work together to maintain and improve quality across the entire value chain, from raw material procurement, product planning and design, cultivation and manufacturing, to logistics and sales.

➔ See here for information on House Foods Group's quality assurance activities
<https://housefoods-group.com/sustainability/safety/> (Only in Japanese)

Quality assurance approach

The approach to quality assurance in the Group is “process assurance,” which assures links between processes. We think of the downstream as the customer, and we create and guarantee quality in each process.

In addition, based on the idea of a worksite-centric approach, the Group shares insights internally based on experience, including past failures and successes, and applies them to quality assurance.



On-site mutual confirmation

As part of our efforts to foster collaboration based on a hands-on approach, the quality assurance and production departments of each group company and the Quality Assurance Management Division at the Group Head Office work together to create learning opportunities called “on-site mutual confirmations,” which aim to gain insights from different perspectives and use them to improve work sites.

These confirmation sessions are themed around past problems at factories, and help enhance our quality assurance capabilities through new awareness gained by checking actual work sites while having in-depth discussions regarding these problems, their causes and countermeasures, and offering examples of initiatives conducted at each company.

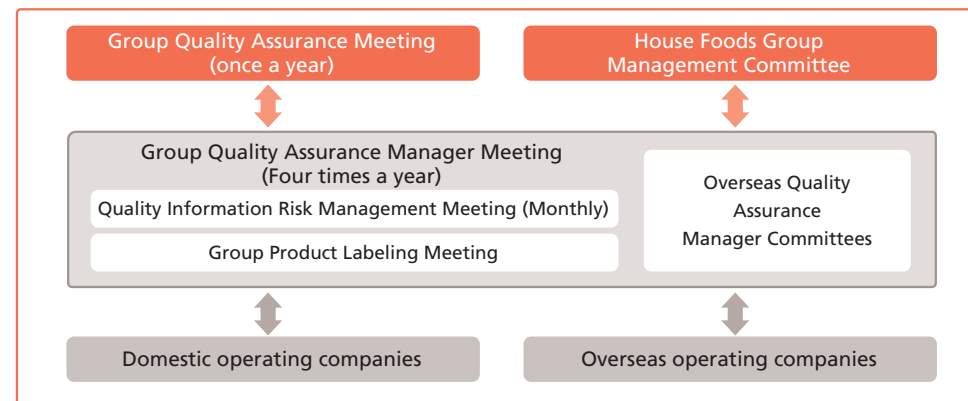
Quality assurance structure

We are conducting ongoing quality assurance activities by discussing important issues related to quality assurance at the Group Quality Assurance Meeting, which consists of executives of House Foods Group, operating company presidents and outside experts.

At the Group Quality Assurance Manager Meeting, which is held by the Quality Assurance Management Division of the Group Headquarters and the heads of the quality assurance divisions of operating companies, the Group collaborates with its operating companies to address issues common to the Group, and is working to improve its quality assurance capabilities by holding discussions from a high-level perspective and actual worksite conditions of each company. In addition, we are working to improve our quality assurance capabilities by collecting information on legal revisions through specialized meetings such as the Quality Information Risk Management Meeting, the Group Product Labeling Meeting, and the Overseas Quality Assurance Manager Meeting, and taking action to comply with the legal revisions.



Group Quality Assurance Meeting



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Opinions from experts



Goichiro Yukawa

Chairman, Food Labeling
Test Association
Quality Advisor, House Foods Group Inc.

At the Ministry of Agriculture, Forestry and Fisheries, I was in charge of food administration, including the JAS system and food labeling, and at the Tokyo University of Marine Science and Technology Graduate School, I taught general food safety topics, including legal systems and HACCP.

The House Foods Group Quality Philosophy emphasizes our need to contribute to the eating habits and health of our customers, and the entire Group is working to maintain and improve the quality of our products. We have built a solid quality assurance system that prioritizes the customer's perspective through meetings of quality assurance managers across the Group and overseas, with the Group Quality Assurance Committee at its apex, a committee that is made up of directors from the Group Head Office, presidents of operating companies, and external experts.

At the same time, trends around ISO 22000, the standards for food safety management systems, are beginning to include efforts to incorporate food safety culture, and efforts are underway to strengthen the character of food safety scheme FSSC 22000 V.6 as a comprehensive code of conduct that also takes sustainability into consideration by, for example, including food waste prevention measures and quality requirements, as well as food safety culture. We will constantly monitor domestic and international trends surrounding food safety and security, and respond promptly and appropriately together with the House Foods Group.

Sustainable Logistics

The Group recognizes that ensuring the sustainable and stable distribution required for its business activities is a management issue. In order to realize highly productive logistics and work-style reforms, the Group is working to improve logistics through mutual understanding and cooperation with suppliers and logistics business companies.

We are also working to resolve issues through the creation of a sustainable logistics system by utilizing F-LINE Co., Ltd.*, which was established in April 2019.

*F-LINE Corporation.: In February 2015, six food manufacturers launched the F-LINE project with the aim of creating a new platform for processed food logistics. Then, F-LINE Corporation., a logistics company, was created by five food manufacturers in April 2019: Ajinomoto Co., Inc., House Foods Group Inc, Kagome Co., Ltd., Nisshin Seifun Welna Inc. and the Nisshin Oillio Group, Ltd.

House Foods Corporation initiatives

In terms of logistics operations that require significant transformation, House Foods Corporation is working particularly hard on the issue such as the bulk transportation for the Tongari Corn product line. Bulk loading requires a lot of manual work, which means long waiting times and increased workload, placing a heavy burden on drivers. However, by switching to pallet transport, in which products are loaded onto trucks directly on pallets, the workload on site has been reduced and waiting times have also been shortened.



Bulk transport



Pallet transport

Modal shift initiatives

By promoting a modal shift to marine transport by ship and rail transport, we are working to reduce the burden on shipping companies, maintain a stable supply of products, and reduce our environmental impact. Starting in March 2024, six food manufacturers (Ajinomoto Co., Inc., Kagome Co., Ltd., Nisshin Oillio Group, Ltd., Nisshin Seifun Welna Inc., Mizkan Holdings Co., Ltd., and House Foods Group) and F-LINE began regular sea transport using ferries between Kansai and Kyushu for shipments from the Chubu and Kansai regions to Kyushu.



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Transport demonstration experiment using autonomous trucks

Aiming to build a sustainable food logistics system, F-LINE has begun a public road demonstration experiment of trunk route transportation using self-driving trucks operated by T2 Inc. By participating in T2's demonstration experiment of autonomous trunk route transport as an F-LINE project, the first of its kind in processed food logistics, we will advance the development of a foundation for next-generation trunk route transport.

We will continue to work toward building a sustainable logistics system and reduce further environmental impact.



VOICE

Working to develop a sustainable logistics system

Atsushi Saito

Logistics Operations Section,
SCM Division,
House Foods Corporation



Takumi Sugiyama

Logistics Strategy Section,
SCM Division,
House Foods Corporation



Our goal is to build a sustainable logistics infrastructure and we are promoting the standardization and optimization of logistics. Within the Group, we launched the House Foods Group Logistics Innovation Committee, which plays a leading role in promptly responding to legal amendments and guidelines, and speedily deploying information to Group companies and worksites to improve the quality of logistics. The Committee also coordinates with outside parties via the F-LINE Project, among other avenues, and advances cross-company initiatives such as joint transportation and storage. The Committee is currently working to reduce the length of driver wait time and improve loading efficiency by reducing incidental work, utilizing pallets, introducing a management system to help shorten waiting times for cargo, and promoting "design for logistics." We will continue to promote the construction of a transportation and delivery network, including distribution base measures, in order to continue to deliver our products to customers.

R&D to Support Value Creation

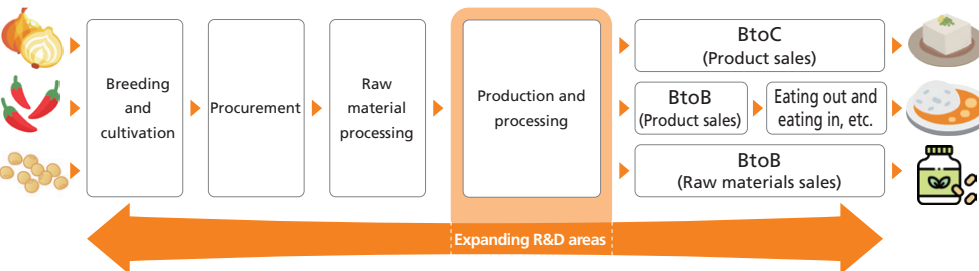
R&D will play a central role in making us a high quality company that connects value chains (VCs) upstream and downstream to create new value and deliver “Healthy Life Through Foods.”

In the creation of the Spice VC in particular, we are promoting technology and application development to integrate VCs and expand customer contact points through collaboration with procurement, production and business as well as R&D. We are developing technologies and research materials that will strengthen our competitiveness and business base in the areas of the Functional Ingredients VC, Soybean VC and Value-added Vegetables VC.

We are also focusing on leading collaborative creation both inside and outside the Group in order to identify new technological seeds and commercialize new businesses.

R&D functions and scope of activities

In order to bring smiles to our customers, we are working to solve a variety of issues using a scientific approach. This is not only in the development of BtoC products at Group companies but also in the development and cultivation of technology in the upstream of the value chain. These efforts also extend to the primary processing technology for providing food raw materials, to the technology related to the downstream BtoB and the provision of food service.



Our R&D department is engaged in everything from cultivation and procurement to the development of processing techniques, products, and containers and packaging, based on basic research that clarifies the mechanisms of technologies and phenomena.

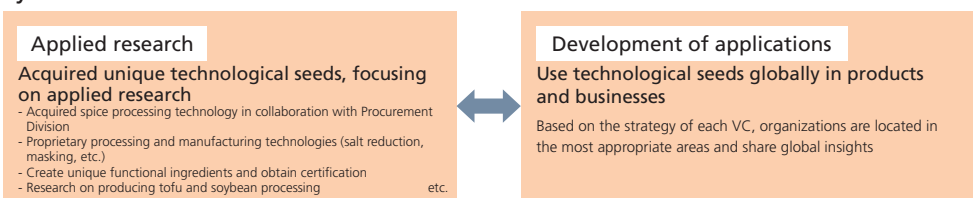
The department also conducts research and development to protect the environment, researches our customers’ lives, and manages intellectual property.

Building an organization that is suitable for a global VC

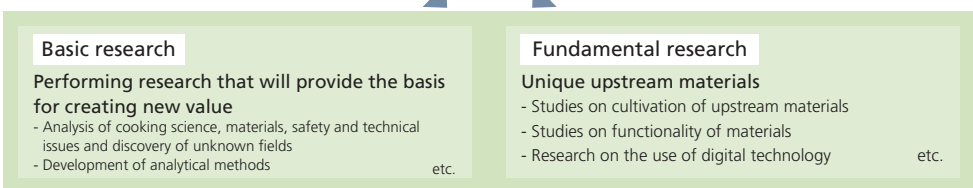
The starting point for our unique technological seeds is in our existing business and in our daily work. In addition to application development, we will also create unique value in applied, fundamental and basic research. In addition, we will promote collaboration within VCs by engaging in applied research and application development by VC.

In addition, we aim to maximize our unique value by utilizing the results obtained across VCs and globally.

By VC



Cross-VC



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A field where diverse groups supporting value creation intersect

Chiba Research Center

Located in Yotsukaido City, Chiba Prefecture, the Chiba Research Center brings together the research and development functions of five House Foods Group companies (House Foods Group Inc., House Foods Corporation, House Wellness Foods Corporation, House Foods Analytical Laboratory Inc., and House Gaban Corporation) and researchers with diverse expertise. The Research Center promotes diverse interactions and acts as a venue for everyday co-creation and initiatives where new ideas are born.



Future Co-creation EXPO

This is a venue for sharing various resources belonging to the Group with other parts of the Group, and facilitating communication between employees that overcomes the barriers separating Group companies, in order to help identify ideas for new business development and value creation. The underlying concept is: “Connect the people, thoughts, technologies and ideas of the House Foods Group, create new value through co-creation, and realize the future.” When this event was held in December 2024, roughly 300 employees from various Group companies participated, joining the many exhibits themed around new technologies, systems, and co-creation with outside parties. Going forward, we plan to promote new value creation through communication at the Future Co-creation EXPO.

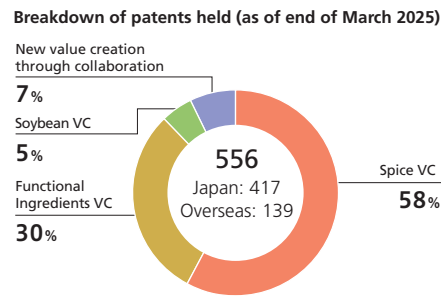


Intellectual Property that Fosters Competitive Capabilities

The Group considers intellectual property as important management capital and aims to create competitive capability. The basic policy of our intellectual property strategy is to assertively protect and utilize intellectual property from the value chain (VC) and global perspectives by integrating business functions with research and development functions.

Competitive advantage through strategic patent acquisition

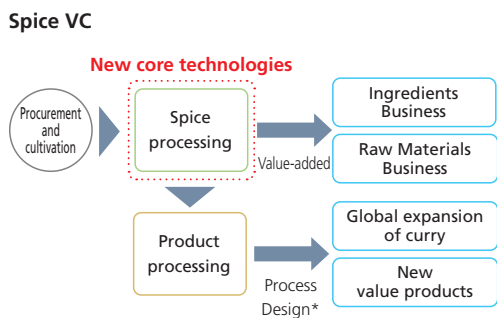
The Group holds strategic patents for each VC in line with its business strategy.



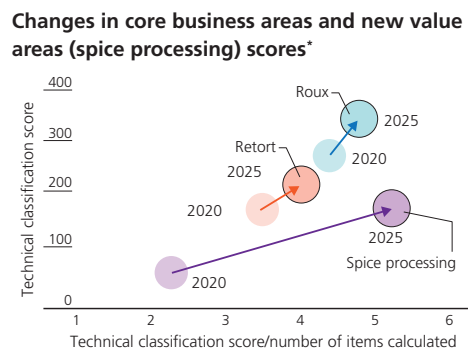
Intellectual property strategy for VC management

In the Spice VC, our Group has been cultivating our strengths in product processing technologies in curry roux products, retort pouched products, and other product areas, and in recent years we have been focusing on acquiring upstream spice processing technologies in addition to product processing. Technological development in spice processing saw particularly strong acceleration in FY2024, with the Group filing numerous patent applications.

As we gain more spice processing technology, we will be able to create new customer contact points in sales, such as in the materials and ingredient businesses. Furthermore, by combining spice processing and product processing technologies, we will be able to provide customers with new, unprecedented value, and we will also be able to ensure a stable supply of products through process design.



*Reducing the variation in flavor and quality throughout the processes leading up to commercialization



* We created this using Biz Cruncher® by Patent Result. Scores were calculated by assigning points to the degree of focus on obtaining patents and the degree of attention from competitors

In the Functional Ingredients VC, we are working to acquire intellectual property overseas in anticipation of global business development.

In recent years, the Soybean VC has been developing tofu production technologies, with a particular focus on their use in the US business. In the future, we will also work to acquire PBF* and other intellectual property in order to build a global Soybean VC.

In terms of new value-generating areas, including the Value-added Vegetables Value Chain, we are working to both protect technologies attained by the Group as intellectual property while simultaneously keeping the technology open to outside parties to enable co-creation of value.

*PBF: Plant based food

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[Soybean VC] Technology for efficient production of tofu of stable quality

On the tofu production line, we measure the protein concentration of soy milk and reflect this in adjusting the amount of soybeans and water supplied, thereby establishing technology to control the protein concentration of soy milk within an appropriate range and efficiently produce tofu of consistent quality.

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graph LR
    A[Soybeans] --> B[Grinding]
    B --> C[Bean paste]
    C --> D[Heating]
    D --> E[Squeezing]
    E --> F[Soy pulp]
    E --> G[Soy milk tank]
    G --> H[Tofu]
    G -- "Protein concentration measurement" --> I[Feedback]
    I -- "Water" --> B
  
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Trademark strategies aligned with brand personalities

By acquiring trademark rights that match the brand personality of each VC, we raise awareness and enhance the sustainable value of brands that are loved globally.

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[Functional Ingredients VC] “Lactobacillus ingredients brands that connect upstream and downstream”

The lactobacillus business is globally expanding lactic acid bacteria materials for use in feed and food as one approach to addressing the social challenges of eliminating the use of antibiotics and extending healthy life expectancy.

In our lactobacillus ingredients business (BtoBtoC) for food applications, which addresses the social issue of extending healthy life expectancy, we are working to increase global brand recognition by displaying (licensing) our own ingredients brand in accordance with the characteristics of each local customer’s final product.

By acquiring a broad range of trademarks not just for individual materials but for final products as well, we reduce intellectual property risks in each region, and support the advancement of the lactobacillus ingredients business that provides added value upstream, midstream, and downstream areas.

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graph TD
    A[House Wellness Foods] -- "Ingredient sales" --> B[Collaborative partners companies]
    style A fill:#fff,stroke:#000
    style B fill:#fff,stroke:#000
  
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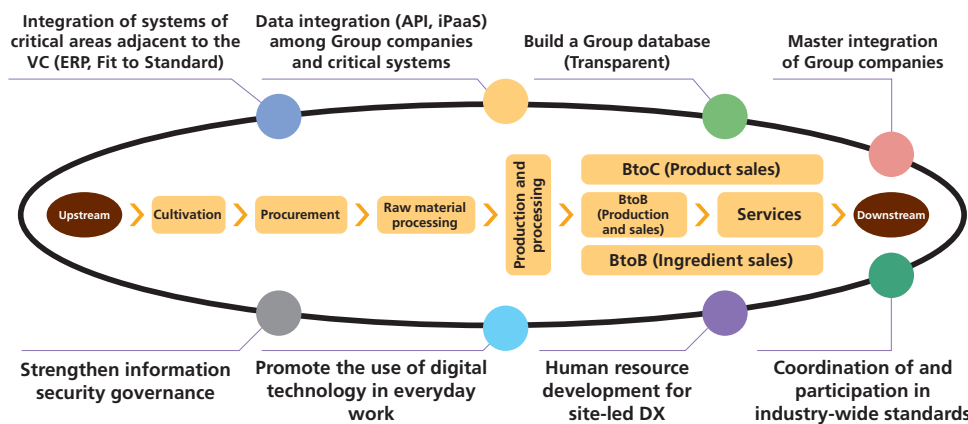
*The image is an example of the final product.

Improved DX literacy

To support growth through global Value Chain (VC) development, we are working on a digital strategy aimed at improving the value we provide to customers, improving productivity in current business areas that will serve as a source of growth, and creating rewarding workplaces through the utilization and acquisition of digital skills. By backcasting from our future ideal vision, we identified the Eighth Medium-term Business Plan as a crucial preparatory period for developing VCs, and are advancing preparations necessary for our digital strategy through both proactive digital transformation (DX) that focuses on business transformations that change how business operations are performed, and preemptive DX that emphasizes strengthening information security and governance. In the “human resource preparation” phase we are developing personnel able to plan business transformations and possessing digital skills that will promote DX efforts, while in the “technology preparation” phase we are promoting the technical verification and introduction of new systems and digital tools.

Realizing VC management

We must acquire technologies such as ERP integration for both our Group company and business process supporting our VCs, data linkage between systems and master integration in the Group. In addition, security assessments and development of response plans related to technology and operations in response to information security risks that increase with Group collaboration are also important topics. We will work comprehensively, including through participation in industry standards.

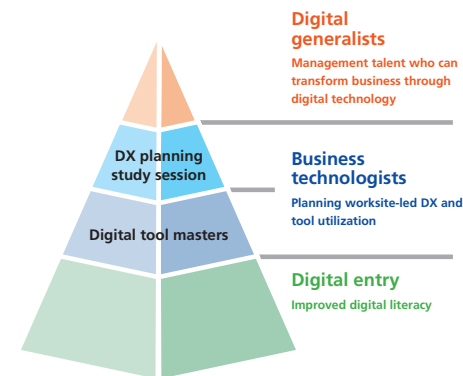


Improvement of information security governance for the Group as a whole

We are working on documenting basic policies and regulations for information security, and are promoting rules-based information security operation and management. Specifically, meetings of the Information Security Committee (general meeting) are held at least once a year to share initiative policies and challenges with the information management officers of each Group company, thereby improving and standardizing the information security level of the Group as a whole. Furthermore, we have established a system centered around the CSIRT department at House Foods Group Inc. for quickly identifying damage and minimizing impacts on business in the event of an information security incident. We are also working to create a system to centrally manage and visualize information assets so that we can ascertain and consider countermeasures for risks at each company, including overseas operating companies.

Human resource development for site-led DX

As digitalization accelerates, we believe that not only those at IT divisions but also those on-site who understand the business the most will be able to use their digital skills to achieve transformation. In order to achieve this, the digital strategy divisions and the human resource strategy divisions are working together to develop human resources to support site-led DX. To achieve our training goals for the Eighth Medium-term Business Plan, we provide various types of educational opportunities to help employees develop DX planning study sessions that will enable them to establish on-site challenges and guide them to transformations, and obtain digital skills that will provide them with practical methods for solving problems, as part of our activities to increase technical literacy among all employees in areas like e-learning and promotion of active use of generative AI, and identify and train employees who can actually lead on-site transformations.



Promote the use of digital technology in everyday work

We are promoting the use of generative AI in line with our internal policies to promote business transformation. In order to achieve concrete results in solving problems, we hold workshops to help employees gain basic knowledge about generative AI and understand its work compatibility (technical characteristics), and to ultimately facilitate plans for on-site implementation. We also hold case study sharing sessions to help promote the utilization of successful case studies through horizontal expansion.



DX planning study session

VOICE



Chika Yasunaga

DX Promotion Department,
House Foods Group Inc.

Enhancing DX literacy

We believe that improving DX literacy across the entire Group is foundational for responding flexibly to a rapidly changing business environment and improving productivity. In our department, we focus on both advancing the digitalization of work operations and creating a culture where all employees see digital as something that concerns them personally. By repeatedly holding various study sessions and sharing successful case studies, examples of initiatives began to emerge in each department, and by placing importance on dialogue with people working on-site, we gradually began to see attitudes shift from an initial resistance and lack of confidence to employees beginning to show an eagerness to give the process a shot, seeing digitalization as a personal matter. Going forward, we would like to further accelerate DX planning and human resource development that connects technology to work operations, while focusing on linking these efforts to tangible results.