Editorial policy

Month/year of issuance:
- CSR 2019 HOUSE FOODS GROUP INC.: October 2019

Subject organization:
- House Foods Group (consolidated)

Period covered by the report:
- April 1, 2018 to March 31, 2019

Information about our activities carried out before FY2018 or after FY2019 is also included in some sections.

Reference guidelines:
- Environmental Reporting Guidelines 2012 by the Ministry of the Environment, Japan
- ISO 26000 (Guidance on social responsibility)
- GRI's Sustainability Reporting Standards

House Foods Group official website

We create the CSR 2019 HOUSE FOODS GROUP INC. to help the CSR activities of the House Foods Group to be understood by our stakeholders and to communicate more comprehensively with them.

FY2019 is the second year of the Sixth Medium-Term Business Plan. We therefore report not only our past activities but also our future initiatives based on our three main responsibilities under the CSR Policy: responsibilities for Our Customer, Our Employees and Their Families, and Society.

Information disclosure system of the House Foods Group

We disclose our CSR information by taking advantage of the respective characteristics of the booklet and the website. We position the CSR 2019 HOUSE FOODS GROUP INC. as a digest while using our website to exhaustively report information not provided in the booklet, including detailed contents on ongoing activities. For details of our business strategies and business activities, please refer to the Integrated Report.
Group Philosophy Concept and Ideals of the House Foods Group

Group Philosophy Concept

**Founding Philosophy**

In every happy home throughout Japan you will find the warm flavor of home cooking, House. The Symbol of a Happy Home

**Group Philosophy**

Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives.

Food may vary by country and time. But the power of food never varies. Good food is tasty and healthy. It has the power to sustain life, to bring people together… to bring joy to the world.

In every facet or our activities, House Foods Group is always creating new value. Through food, we at House Foods Group help nurture relationships – our own and others. Together with all our stakeholders we treasure the warmth of family and friendship as we seek to bring more happiness into people’s lives.

At the dining table and when dining out. In our homeland and around the world. On every occasion that involves food, we strive to serve as a good partner – putting smiles on the faces of our customers, our employees and their families. So that all the world may be a happier place.

**House Ideals (Spirit)**

**Our Motto**

Sincerity, Originality and Enthusiasm

**The 10 House Values**

- Know yourself
- Be humble in your self-confidence and pride
- Creative work brings dignity
- The advancement of House depends on the personal development of each individual
- House’s strength is the strength of all of us combined
- A salary is compensation for doing useful things for society
- Being useful to society as employees and as a company
- A useful employee is a strong partner for achieving business goals
- Profits are necessary for a company to be useful to society
- The dedicated passion each one of us feels for the company is the secret to success for House

Group CSR Policy

By meeting three responsibilities, we are helping to build a robust society and achieve healthy living.

Our Three Responsibilities

**Toward Our Customers**

We generate jobs, respecting the basic human rights and diversity of our employees. We encourage personal growth and work to enrich the lives of our employees and their families.

**Toward Our Employees and Their Families**

- We contribute to the advancement of society and work to raise our corporate value through sound management and operations.
- We act as a responsible member of society in compliance with laws and based on a sense of ethics and morality.
- We carry out business activities with concern for the environment to assure a bountiful world in the future.

**Toward Society**

We help people to lead rich and healthy lives both mentally and physically by supplying safe products and services of high value.

CSR in the House Foods Group’s style

Creating Smiles & Relationships

Our CSR consists precisely in the pursuit of the Group philosophy.
Our ideal and the framework of the Sixth Medium-Term Business Plan  
(April 2018 to March 2021)

Ideal of House Foods Group
Striving to become a high quality company* that provides a “Healthy Life Through Foods”

*High quality company: A company that is capable of creating and continuing to provide new value

Responsibility for Our Customers
Domestic mature market and overseas growth market
• Build-up of the core of the value chain
• Build-up of R&D functions
• Creation of new business
• Expansion of growth and strengthening of foundation overseas

• Launch of group-wide initiatives
• Target proportions* of overseas business
  To consolidated net sales: 20%
  To consolidated operating profit: 30%
*2023 targets

Responsibility for Our Employees and Their Families
• Achievement of diversity
• Implementation of work style reforms
• Securing of various human resources and creation of a place/occasion to fulfill active roles

Responsibility for Society
• Construction of the recycling-oriented model
• Achievement of a society of healthy longevity

• CO2 ⇒ 25% reduction*
• Waste ⇒ 16.5% reduction*
• Stepping up activities for dietary education
  *2030 targets in Japan/ Compared to 2013 level

Through our business, we will deliver a “Healthy Life Through Foods” to our customers.

We will accept, take advantage of, and develop diversity to create stages where diverse human resources can participate actively by taking advantage of their distinctive characteristics.

Through the food business, we will contribute to the health of people and our planet and achieve a sustainable society.

Because of the great changes in the employment market and the growing social demand, we believe it is important to fulfill our responsibilities as a corporate citizen from a broader perspective. Accordingly, under the Sixth Medium-Term Business Plan, we will strive to become a high quality company in all three responsibilities, that is, responsibilities for Our Employees and Their Families and Society, in addition to the responsibility for Our Customers that is based on a business perspective.

CONTENTS

1 Group Philosophy Concept and Ideals of the House Foods Group
3 Top Message
5 Our Three Responsibilities Regarding CSR
7 Responsibility for Society
9 Responsibility for Our Customers
11 Responsibility for Our Employees and Their Families
13 Businesses and Global Network of the House Foods Group
In 2013, which marked the 100th anniversary of our foundation, we switched to a group holding company structure and established the new Group philosophy, “Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives.”

This Group philosophy, which is grounded in the three responsibilities we seek to fulfill as a corporate citizen (for our customers, our employees and their families, and society), encapsulates our desire to be a good corporate citizen for our various stakeholders.

We also believe that achieving this Group philosophy contributes to fulfilling our corporate social responsibility. Indeed, we express CSR as an abbreviation for Creating Smiles & Relationships.

I believe that my mission as a corporate manager is to ensure that the House Foods Group fulfills our three responsibilities as a corporate citizen and keeps creating new value.

---

Aiming to be a good corporate citizen for our stakeholders, we will strive to become a high quality company that provides “Healthy Life Through Foods”
Strategy changing with the times

Since our foundation in 1913 as an enterprise dealing in herbal medicines, the House Foods Group has anticipated the needs of the times and provided our customers with new types of food culture, growing in step with Japan’s economic growth. Even as the business environment around us changes at an increasingly fast pace along with the changing times, we have set “striving to become a high quality company that provides ‘Healthy Life Through Foods’” as our vision to achieve sustainable growth and are currently implementing the Sixth Medium-Term Business Plan. The Sixth Medium-Term Business Plan has key themes for each of the three responsibilities and guides us in becoming a “high quality company.”

The strategic direction up to the Fourth Medium-Term Business Plan was “selection and concentration.” However, the three-year period of the Fourth Medium-Term Business Plan saw the growing tendency for people to eat out or buy food to eat at home, which was triggered by the Great East Japan Earthquake, and products for cooking, which support our Group’s profit base, faced an adverse situation. This period of struggle taught us that there is no guarantee that our current core businesses will remain our core businesses in the future. The strategy of “selection and concentration” is only viable when the core businesses remain infallible. Accordingly, from the Fifth Medium-Term Business Plan onwards, we significantly shifted our strategic direction from “selection and concentration” to “becoming a high quality company,” and this remains our strategic direction in the Sixth Medium-Term Business Plan as well.

I believe that “becoming a high quality company” hinges on two key factors: value chain and R&D.

The value chain is the chain of value-creating activities at every stage from farmers’ fields to customers’ mouths. It serves as another perspective to view our fields of business development along with the perspective of customer contact. In order to become a “high quality company,” we need to expand our fields of business development from the value chain perspective. This has been difficult to achieve on our own. Fortunately, we were able to welcome multiple companies developing business at different stages of the value chain into the Group by the end of the Fifth Medium-Term Business Plan. These companies include curry restaurant chain Ichibanya Co., Ltd. on the downstream side, and specialist spice manufacturer Gaban Co., Ltd. and specialist foodstuff trading company Vox Trading Co., Ltd. on the upstream side.

What must change, what must not change

In this way, several companies that possess their own unique business cultures and models joined our Group, greatly increasing the diversity of our Group companies.

During the Sixth Medium-Term Business Plan, we are working to create synergies from an optimal Group perspective. In doing so, it is important to create overall synergies while maintaining the diversity benefits of our Group companies. This is a new challenge for us, and one we believe holds great potential.

At the same time, we are also working to further enhance our R&D. We will create new value through trial and error and construct an R&D structure that provides a bird’s-eye view of the value chain by actively interacting with entities outside of our Group. We will proactively invest our resources towards these ends. In addition, we will gain broader knowledge and deeper experience by actively utilizing the corporate venture capital initiative we launched in October 2017, and also focus on the full-scale commercialization of new business themes.

While striving towards “becoming a high quality company” in this way, we must make clear distinctions between what must change and what must not change.

In 2016, we created the HOUSE WAY BOOK containing our philosophy, motto, and mission statement in three languages and distributed it to Group employees in Japan and overseas. In order for the House Foods Group to make further strides towards the next hundred years and to develop as a Group while balancing “unifying forces” with “centrifugal forces” as our Group companies become more diversified, we will firmly communicate our message utilizing the HOUSE WAY BOOK.

Hiroshi Urakami
President, House Foods Group Inc.
Our Three Responsibilities Regarding CSR

—Creating New Value Through Interactions—

In the House Foods Group, we position our responsibilities for Society, Our Customers, and Our Employees and Their Families as the focus of our CSR policy. We believe that fulfilling these responsibilities will also contribute to achieving the Sustainable Development Goals (SDGs) as the global goals. In the Sixth Medium-Term Business Plan, we are stepping up our interactions inside and outside our Group, and using the new value created through these interactions to address a range of social issues.

Three responsibilities and points of focus of the Sixth Medium-Term Business Plan

Responsibility for Society

• Construction of the recycling-oriented model
• Achievement of a society of healthy longevity

Through the food business, we will contribute to the health of people and our planet and achieve a sustainable society.

Responsibility for Our Customers

• Build-up of the core of the value chain
• Build-up of R&D functions
• Creation of new business
• Expansion of growth and strengthening of foundation overseas

Through our business, we will deliver a “Healthy Life Through Foods” to our customers.

Responsibility for Our Employees and Their Families

• Achievement of diversity

We will accept, take advantage of, and develop diversity to create stages where diverse human resources can participate actively by taking advantage of their distinctive characteristics.
What are the SDGs?
In 2015, the United Nations General Assembly adopted the Sustainable Development Goals (SDGs) as the global agenda to achieve by 2030. Under the “leave no one behind” policy, the United Nations call for not only developing countries but the entire world, including developed countries, to work toward the achievement of the goals.

Examples of specific initiatives

**SDGs to which we aim to contribute**

- **Goal 2**: Zero Hunger
  - Pursuit of sustainability through interactions between the House Foods Group and society
  - We will contribute to sustaining our bountiful planet through environmentally-friendly corporate activities with full awareness of the value of the global environment. We will also deepen our communications with the local communities, with a focus on foods, aiming to coexist in harmony with them.

- **Goal 3**: Good Health and Well-Being
  - Reforming R&D awareness to stimulate intellectual interactions
  - We will contribute to customers’ dietary life and health by providing valuable products and services that are useful for customers’ lives and that will be recognized by customers.

- **Goal 5**: Gender Equality
  - Implementation of work style reforms
  - Work style reforms enabling individuals to interact with others and grow, and diverse human resources to make contributions
  - We aim to create an attractive workplace where every single employee can fully demonstrate their capabilities and enjoy working. In addition, we respect the diversity, personal qualities, characteristics, and privacy of individuals, not to mention their basic human rights, and will not tolerate any form of human rights infringement.

- **Goal 8**: Decent Work and Economic Growth
  - Value chain innovations
  - Creation of new business
  - Through our business, we will deliver a “Healthy Life Through Foods” to our customers.

- **Goal 12**: Responsible Consumption and Production
  - Implementation of work style reforms
  - Demand creation in and strengthening the foundation of overseas business
  - We will accept, take advantage of, and develop diversity to create stages where diverse human resources can participate actively by taking advantage of their distinctive characteristics.

- **Goal 13**: Climate Action
  - Provision of solutions for good health
  - Realization of healthy diets
  - We will contribute to the health of people and our planet and achieve a sustainable society.

- **Goal 14**: Life below Water
  - Construction of the recycling-oriented model
  - We will contribute to the health of the ocean and its biodiversity.

- **Goal 15**: Life on Land
  - Achieving a society of healthy longevity
  - We will contribute to the health of the land and its biodiversity.

- **Goal 16**: Peace and Justice
  - Creation of new business
  - Strengthening of foundation overseas
  - We will contribute to the health of the land and its biodiversity.

- **Goal 17**: Partnerships for the Goals
  - Implementation of work style reforms
  - Securing of various human resources and creation of place/occasion
  - We will accept, take advantage of, and develop diversity to create stages where diverse human resources can participate actively by taking advantage of their distinctive characteristics.

- **Goal 18**: Industry, Innovation and Infrastructure
  - Value chain innovations
  - R&D transformation
  - We will contribute to the health of the ocean and its biodiversity.

- **Goal 19**: Peace and Justice
  - Value chain innovations
  - R&D transformation
  - We will contribute to the health of the land and its biodiversity.

- **Goal 20**: Quality Education
  - Value chain innovations
  - R&D transformation
  - We will contribute to the health of the ocean and its biodiversity.

- **Goal 21**: Peace and Justice
  - Value chain innovations
  - R&D transformation
  - We will contribute to the health of the land and its biodiversity.

- **Goal 22**: Responsible Consumption and Production
  - Value chain innovations
  - R&D transformation
  - We will contribute to the health of the ocean and its biodiversity.

- **Goal 23**: Life on Land
  - Value chain innovations
  - R&D transformation
  - We will contribute to the health of the land and its biodiversity.

- **Goal 24**: Life Below Water
  - Value chain innovations
  - R&D transformation
  - We will contribute to the health of the ocean and its biodiversity.

- **Goal 25**: Life on Land
  - Value chain innovations
  - R&D transformation
  - We will contribute to the health of the land and its biodiversity.

- **Goal 26**: Life Below Water
  - Value chain innovations
  - R&D transformation
  - We will contribute to the health of the ocean and its biodiversity.

- **Goal 27**: Life on Land
  - Value chain innovations
  - R&D transformation
  - We will contribute to the health of the land and its biodiversity.

- **Goal 28**: Life Below Water
  - Value chain innovations
  - R&D transformation
  - We will contribute to the health of the ocean and its biodiversity.
Responsibility for Society
—Pursuit of sustainability through interactions between the House Foods Group and society—

Maximal effective use of limited resources, and contributing to healthy living for people around the world over their lifetime—we consider both of these to be House Foods Group’s responsibilities to society, and we are striving to construct a recycling-oriented model and achieve a society of healthy longevity.

Aiming to construct a recycling-oriented model —Actions in the value chain

Many of our House Foods Group businesses are made possible from the use of a wide range of raw materials carefully selected and collected from around the world. Many of these are available thanks to the bounty that nature provides, and large numbers of people are engaged in their production, transport, and processing.

We believe that to ensure in perpetuity the natural abundance of the global environment, and the health of the communities where we have business involvement and the people living there, we must strive to effectively use the resources and energy needed for our business activities without waste, and create a recycling-oriented society in which people are able to continue living without undue burden.

Across the House Foods Group, we have continued taking steady actions to save energy at our respective workplaces, but we have not been able to make significant progress on replacing production facilities with more environmentally friendly facilities.

To resolve this, we have established environmental investment standards based on the concept of independent carbon pricing, which came out of discussions led by the Production Division with many internal divisions, and created an approach to step up capital investments in environment-related facilities.

Food manufacturing in particular involves many heating and cooling processes for raw materials, and we plan to implement activities that will lead to energy savings, beginning with a system to utilize waste heat resulting from the excess heat generated in the heating and cooling processes for use in other applications.

We are also taking actions related to raw materials procurement for palm oil and paper, which have become global-scale issues. In 2018, we joined the Roundtable on Sustainable Palm Oil (RSPO)*1, and we have begun an initiative to switch to sustainable palm oil. With regard to paper resources, we are working together with paper mills, printing firms, and other entities to use paper certified by the Forest Stewardship Council® (FSC®) *2 and display the certification mark on product packages and other items.

Through these initiatives, we will strive to build a value chain responsive to issues related to human rights and labor, the environment, and local economies.

Focus on efforts in the value chain

Across the House Foods Group, we have continued taking steady actions to save energy at our respective workplaces, but we have not been able to make significant progress on replacing production facilities with more environmentally friendly facilities.

To resolve this, we have established environmental investment standards based on the concept of independent carbon pricing, which came out of discussions led by the Production Division with many internal divisions, and created an approach to step up capital investments in environment-related facilities.

Food manufacturing in particular involves many heating and cooling processes for raw materials, and we plan to implement activities that will lead to energy savings, beginning with a system to utilize waste heat resulting from the excess heat generated in the heating and cooling processes for use in other applications.

We are also taking actions related to raw materials procurement for palm oil and paper, which have become global-scale issues. In 2018, we joined the Roundtable on Sustainable Palm Oil (RSPO)*1, and we have begun an initiative to switch to sustainable palm oil. With regard to paper resources, we are working together with paper mills, printing firms, and other entities to use paper certified by the Forest Stewardship Council® (FSC®) *2 and display the certification mark on product packages and other items.

Through these initiatives, we will strive to build a value chain responsive to issues related to human rights and labor, the environment, and local economies.

*1: Roundtable on Sustainable Palm Oil (RSPO) is a non-profit organization that promotes the production and use of sustainable palm oil to prevent the negative effects of palm oil production, which is carried out in various parts of the world.

*2: The Forest Stewardship Council® (FSC®) is a system for certifying appropriate forest stewardship, aiming for better forest management to solve forest-related issues.
We at the House Foods Group are aiming to achieve a society of healthy longevity, where everyone in the world can live in good health and happiness through foods. While a range of social issues must be addressed to achieve this, as a company engaged in food, we have narrowed our focus to five issues and are conducting activities for them (See “Five social issues related to food that hinder the ‘achievement of a society of healthy longevity’” figure).

As ways to address these issues, we have been conducting a variety of activities for dietary education, including offering products and recipes with a health focus, and offering factory tours, cooking classes, and experience-based dietary programs.

However, there are also issues such as eating meals alone and poverty where the activities that we have been conducting are not enough to sufficiently address them, and we are currently exploring approaches we can take for these issues. One of these approaches that resonates with us and where we are advancing our examination is the Kodomo Shokudo (Children’s Cafeteria) Project.

The Kodomo Shokudo Project is a grass-roots, voluntary effort that began for the purpose of supporting the provision of meals to children who are not able to get enough food due to financial hardship at home or other adversity. Many people have embraced the goal of this project and it has expanded to include eating establishments with a wide variety of distinctive attributes, such as those that feed children who are not able to eat meals with their families due to cram school or other lessons, and those that offer meals to the elderly and others, not only children. These establishments are evolving into new local community venues where people can eat meals with others around a common table.

Eating together with others allows us to feel joy and happiness, and also to learn. We believe that the Kodomo Shokudo Project has the potential to help resolve a broader range of food and community issues. And we would like more people to be able to experience how food tastes better and meals are more fun when eaten together with others. We would also like to ensure that this project is sustainable.

To achieve this, we intend to go beyond simply donating products and conduct activities in which Group employees can connect on an emotional level with the project and the people involved in it, by including cards with heartfelt messages along with donated products, going to visit participating Kodomo Shokudo establishments themselves, and meeting and interacting with people operating and participating in the establishments. We will examine ways we can learn from and support each other, and activities that will benefit both ourselves and the Kodomo Shokudo Project.

Five social issues related to food that hinder the “achievement of a society of healthy longevity”

1. Malnutrition of young women
2. Encouraging acquisition of proper eating habits, understanding of the food cycle
3. Onset and worsening of lifestyle-related diseases, increased risk of onset of dementia
4. Increased opportunities to eat alone
5. Malnutrition/excess nutrition due to poverty and other factors

Responsibility for Society

- Pregnancy (fetal) period
- Infancy
- School age
- Adolescence
- Adulthood
- Old age

House Foods Food, Agriculture and the Environment Workshops, one of our experience-based dietary education programs.
Responsibility for Our Customers

—Reforming R&D awareness to stimulate intellectual interactions—

We are strengthening our Group R&D function, striving to become a high quality company. Enhancing the technological expertise and specialization of researchers requires intellectual interactions with many different fields. We have begun reforms designed to encourage these intellectual interactions.

“One Day a Week,” using 20 percent of one’s time for the future

We are implementing the “One Day a Week” initiative in the Research Division, where researchers divide their time conducting research and experiments not only on their assigned research topics but also according to their own intellectual interests and pursuits. As the initiative’s name suggests, we recognize that researchers are to spend the equivalent of one of the five weekdays, in other words 20 percent of their working hours, on research, experiments, and other endeavors separate from their assigned work responsibilities with the aim of developing new fields. By having researchers work on new research themes that they decide, we are pursuing activities in new fields not bound by past House Foods Group activities and striving to reform awareness to create new business.

The One Day a Week initiative also encourages collaboration not only in our laboratories but also in frameworks that transcend collaboration among divisions and Group companies. By having people who normally do not work together interact with each other, we aim to have participants come into contact with new ideas, technologies, and points of view and discover and co-create new value that did not exist before. We are also using a new open space created in the renovation of the Chiba Research Center to serve as a place to facilitate these activities.

While the setting of themes to take up in the One Day a Week initiative places emphasis on the researchers’ awareness of issues, at present what they are interested in researching inevitably tends to fall in their existing areas of work. By further increasing their awareness of B to B needs and by also actively promoting open innovation initiatives with outside parties, we anticipate that their research themes will also expand to more diverse fields derived from food in the future.

One Day a Week activities respect researchers’ autonomy. For this reason, we recommend that researchers use a system of lean validation, in which researchers themselves establish a hypothesis, repeat the cycle of validation testing, and quickly reach a determination. We expect management to provide advice and support at the appropriate times so that discussions lead to concrete implementation.

Ba EXPO—A platform for increasing specialization and building communication skills

As our Group companies expand, the sharing of information by and among Group companies is becoming an issue. Also from the viewpoint of picking up on trends in the world and discovering the seeds of new business, we need to maintain a constant understanding of what kinds of information and technologies we have available.

We launched Ba EXPO as a platform to further spur co-creation activities in order to address these needs. In brief, we aim for Ba EXPO to serve as a platform for sharing information about Group resources, deepening participants’ understanding and interest in other businesses, and gaining insights and ideas into new business creation, new value creation, and activities that improve profitability. Ba EXPO uses the format of a trade show, where employees communicate and dialogue with other employees from Group companies about the value of the materials, technologies, and expertise in their division.

The first edition of Ba EXPO was held in December 2018 on the theme of “materials” upstream in the value chain, and Group companies and divisions that handle a wide range of materials gave presentations. New ideas and seeds of business creation were generated by having people learn about events and trends taking place in our Group and getting inputs from the relevant parties in the form of opinions, ideas, and technologies. Several of these seeds are already in the review process for actual business creation.
We adopted a corporate venture capital (CVC)* system for our Group, establishing the House Foods Group Innovation Fund in October 2017. This initiative invests in and supports the growth of startup companies with whom we see potential for business synergies. For some of the projects in this initiative, employees chosen in an internal application process are sent to work on assignment at the startup receiving investment funds, with the goals of reforming awareness within our Group and developing the people who will help lead the House Foods Group in the future.

 Funds are already being invested in six companies (as of September 2019), and we plan to increase the number of companies we invest in based on three perspectives: 1) whether synergies can be created by combining the strengths and know-how of the Group and the investee, 2) whether the investment can strengthen (complement) the Group’s value chain, and 3) whether the investment can contribute to resolving social issues in the area of “Healthy Life Through Foods.”

*CVC investment focused on future synergies

We are encouraging researchers to pursue deeper levels of specialization with a focus on further spurring co-creation not just among Group companies but also with outside companies in the future. We are also taking steps to reform awareness so as to attract more attention from outside entities as well.

Group companies involved with various technological resources gave presentations at Ba EXPO, with the first edition in December 2018 on the theme of “materials,” and the second edition in July 2019 on the theme of “R&D fields”

Cvc investment focused on future synergies

We adopted a corporate venture capital (CVC)* system for our Group, establishing the House Foods Group Innovation Fund in October 2017. This initiative invests in and supports the growth of startup companies with whom we see potential for business synergies. For some of the projects in this initiative, employees chosen in an internal application process are sent to work on assignment at the startup receiving investment funds, with the goals of reforming awareness within our Group and developing the people who will help lead the House Foods Group in the future.

 Funds are already being invested in six companies (as of September 2019), and we plan to increase the number of companies we invest in based on three perspectives: 1) whether synergies can be created by combining the strengths and know-how of the Group and the investee, 2) whether the investment can strengthen (complement) the Group’s value chain, and 3) whether the investment can contribute to resolving social issues in the area of “Healthy Life Through Foods.”

*Investment in outside startup companies by a corporation

“As a member of Star Festival, in my day-to-day work I see firsthand the speed of decision-making and ability to execute that are hallmarks of startup companies. I am mainly involved in launching new businesses, and I work with employees and vendors from diverse career backgrounds with a mindset of how to generate synergies with House Foods Group businesses. I have encountered points of view and ideas in my projects that are completely new to me. At the same time, my experience has also reaffirmed for me that the House Foods Group has a high degree of specialization. When I return to my job at House, I will absolutely be able to mobilize the personal network I have formed here as well as the way ideas are developed and work gets done.”

Hiroaki Gunji
President’s Office,
STAR FESTIVAL INC.

Established in 2009, the company operates an Internet-based food delivery business. Star Festival offers services including Gochikuru and Shashokuru, among the largest food delivery services for companies and workers in Japan, and Start Delivery, a service to support restaurants entering the home meal replacement business that leverages its know-how in operating food delivery services.

STAR FESTIVAL INC.
Responsibility for Our Employees and Their Families

—Work style reforms enabling individuals to interact with others and grow, and diverse human resources to make contributions—

We are working to create lively and attractive workplaces where employees can make the most of their abilities and respect each other’s diversity, personality, individuality and privacy.

To allow all employees to make contributions, toward achievement of diversity

As Japan’s working-age population shrinks due to factors including the falling birth rate and aging population, achieving a society that enables women, seniors, and foreign workers to make greater contributions is needed.

After transitioning to a group holding company structure in 2013, we also saw an increase in the number of Group employees and greater employee diversity as a result of welcoming new companies into House Foods Group and expansion of our business domains.

To create workplaces that allow a wide range of people to make contributions more than in the past, we are revising the work styles we have instituted up to now, preparing the relevant systems and conditions, and taking steps to achieve diversity.

We have now begun initiatives in two key areas to this end. One is securing of various human resources and creation of a place/occasion to fulfill active roles, and includes such measures as greater participation by women, hiring persons with disabilities, and personnel exchanges with outside companies and places. The other is implementing work style reforms together with management reforms to create workplaces where all employees can work without difficulty, and systems that motivate employees to perform their work and allow them to make contributions.

We aim to achieve diversity through parallel efforts to broadly accept diverse human resources into our Group and to have every single employee mobilize their individuality to make contributions.

Framework of the Sixth Medium-Term Business Plan

- Labor shortage attributed to the decrease in the productive population
- Achievement of diversity
  - Creation of a workplace where diverse human resources can fulfill active roles and find their jobs meaningful
  - Employees participating actively by taking advantage of their distinctive characteristics
- Development of individuals
  - Wealthy lives
- Productivity improvement
- Creation of innovations
  - Growth of the Group
We have been implementing 5 reforms of work style since April 2018 as specific reform measures to achieve our work style reforms. These reforms are intended to prevent long working hours, increase productivity by allowing employees to work more independently and flexibly within the planned hours, leading to value creation, and allow employees to achieve self-improvement and lead more fulfilling lives through the reforms.

For example, expansion of monthly planned work (flextime) and introduction of teleworking increase the flexibility of when and where employees work, while aiming to have employees work more efficiently in a shorter amount of time than before and increasing their awareness toward working hours.

Specific measures for the work style reforms

These are specific measures designed to allow employees to independently create the environment and the time that is easy for them to work in. We are also conducting activities to resolve issues that arise as a result of these measures, and management reforms to alleviate concerns.

- **5 reforms of work style**
  - **Expansion of monthly planned work (flextime)**
    - Modification of the planned working hours during a one-month period
  - **Introduction of teleworking**
    - Increased flexibility in where people work
  - **Introduction of objective management of working hours**
    - More accurate and objective recording and management of working hours
  - **Abolition of the deemed working hours system for salespersons working outside the workplace**
    - Discontinuance of the deemed working hours system, tracking working hours spent outside the workplace
  - **Reduction of the prescribed working hours by 15 minutes**
    - Shortening the work day by 15 minutes

- **Reform of management**
- **Establishment of the organ for the promotion of work style reforms**

Work styles with a higher degree of freedom, including shortened working hours and teleworking, result in a greater necessity for each employee to coordinate the work they need to perform and manage their own workload with a focus on efficiency. As such, employees need to demonstrate greater self-direction and autonomy.

As one way to support employees’ increased self-direction and autonomy, we are revising how managers and their direct reports communicate by introducing a system of one-on-one meetings. In addition, we are also modifying our management methods to align with the work style reforms, such as revising our evaluation system to better evaluate the challenging process of implementing reforms.

Furthermore, we are creating platforms that encourage employees to embrace challenge, including personnel exchanges inside and outside our Group designed to stimulate communication, and establishing a commendation system to recognize highly challenging activities to achieve reforms.

Behind our efforts to reform work styles is our desire to have employees reform the way they work, and to have employees who have put their career on hold due to major life events or other reasons regain their desire to further their career. Allowing individual employees to choose the work style that suits their circumstances from diverse work style options facilitates productivity improvements and the creation of innovation, and we intend to build on this as the foundation for becoming a high quality company.

We will implement these initiatives by having both the company and employees tackle the issues from their respective positions with the aim of achieving workplaces with greater diversity where all people working in the House Foods Group can make contributions.
About the House Foods Group

Businesses and Global Network of the House Foods Group
(As of March 31, 2019)

Proportion of sales by business segment

- **Spice/Seasoning/Processed Food Business**: 45.2%
- **Health Food Business**: 9.9%
- **International Food Business**: 8.4%
- **Restaurant Business**: 16.7%
- **Other Food Related Business**: 19.8%
- **Proportion of Sales before the elimination of inter-segment transactions**: 45.2%

Proportion of Consolidated Net Sales

- **Spice/Seasoning/Processed Food Business**: 296,695 million
- **Health Food Business**:
- **International Food Business**:
- **Restaurant Business**:
- **Other Food Related Business**:

Proportion of sales

- **North America**: Sales 14.9 billion
  - Proportion of sales: 5.0%
- **East Asia**: Sales 14.8 billion
  - Proportion of sales: 5.0%
- **Southeast Asia**: Sales 7.3 billion
  - Proportion of sales: 2.5%
- **Others**: Sales 1.1 billion
  - Proportion of sales: 0.4%

Group companies in each business segment

**Spice/Seasoning/Processed Food Business**

1. **House Foods Corporation**
   - Production and sales of curry, stew, spice and commercial use products
2. **Gaban Co., Ltd.**
   - Import, production and sales of spices and sales of imported foods
3. **Malony Co., Ltd.**
   - Production and sales of starch products, etc.
4. **Sun House Foods Corporation**
   - Production of retort pouch foods, etc.
5. **Sun Supply Corporation**
   - Production of processed meat products
6. **House Ai-Factory Corporation**
   - Production of spice products
7. **Asaoka Spice K. K.**
   - Sales of spices
8. **Gaban Spice Manufacturing (M) SDN. BHD.**
   - Production of spices

**Health Food Business**

9. **House Wellness Foods Corporation**
   - Production and sales of health foods and beverages

**International Food Business**

10. **House Foods Holding USA, Inc.**
    - Holding company for U.S. subsidiaries
11. **House Foods America Corporation**
    - Production and sales of soy-bean related products, operation of restaurants, and import sales of Group products
12. **El Burrito Mexican Food Products Corporation**
    - Production and sales of soy-bean related products
13. **House Foods China Inc.**
    - Sales of spices and condiments such as curry roux products and import sale of Group products; supervision of China business
14. **Shanghai House Foods Co., Ltd.**
    - Production of spices and condiments such as curry roux products
15. **Dalian House Foods Co., Ltd.**
    - Production and sales of foods
16. **Zhejiang House Foods Co., Ltd.**
    - Production of spices and condiments such as curry roux products
17. **House Foods Vietnam Co., Ltd.**
    - Production and sales of processed foods
18. **House Osoitspa Foods Co., Ltd.**
    - Sales of processed foods and beverages
19. **PT House And Vox Indonesia**
    - Export sales of spices
20. **House Foods Taiwan Corporation**
    - Import sales of Group products

**Restaurant Business**

21. **Ichibanya Co., Ltd.**
    - Planning and operation of restaurants
22. **Ichibanya USA, Inc.**
    - Planning and operation of restaurants
23. **Ichibanya Restaurant Management (China) Co., Ltd.**
    - Planning and operation of restaurants
24. **House Restaurant Management (Beijing) Co., Ltd.**
    - Planning and operation of restaurants
25. **Taiwan Ichibanya Inc.**
    - Planning and operation of restaurants
26. **Curry House Korea Corporation**
    - Restaurant operation guidance and trading services
27. **Ichibanya International Hong Kong Limited**
    - Planning and operation of restaurants
28. **Ichibanya Hong Kong Limited**
    - Planning and operation of restaurants
29. **Ichibanya UK Limited**
    - Planning and operation of restaurants
Company Overview (As of March 31, 2019)

Name: House Foods Group Inc.

Head office locations: 
Tokyo Head Office 
6-3 Kioi-cho, Chiyoda-ku, Tokyo 102-8560, Japan 
Phone: +81-3-3264-1231

Osaka Head Office 
1-5-7 Mikuriyasakae-machi, Higashi-osaka-city, Osaka 577-8520, Japan 
Phone: +81-6-6788-1231

Founded: November 11, 1913

Established: June 7, 1947

Number of employees: 288 (6,066 on a consolidated basis)

Sales

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>258.6 billion</td>
<td>231,448</td>
<td>241,893</td>
<td>283,812</td>
<td>291,897</td>
</tr>
<tr>
<td>North America</td>
<td>14.9 billion</td>
<td>8,686</td>
<td>10,775</td>
<td>12,312</td>
<td>16,288</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>7.3 billion</td>
<td>10,957</td>
<td>12,152</td>
<td>13,951</td>
<td>17,207</td>
</tr>
<tr>
<td>Others</td>
<td>1.1 billion</td>
<td>6,971</td>
<td>8,683</td>
<td>9,353</td>
<td>13,767</td>
</tr>
</tbody>
</table>

Proportion of sales

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>87.1%</td>
<td>87.1%</td>
<td>85.4%</td>
<td>83.9%</td>
<td>83.3%</td>
</tr>
<tr>
<td>North America</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Others</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

Ordinary profit

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>10,957</td>
<td>12,152</td>
<td>13,951</td>
<td>17,207</td>
<td>19,100</td>
</tr>
<tr>
<td>North America</td>
<td>6,971</td>
<td>8,683</td>
<td>9,353</td>
<td>13,767</td>
<td></td>
</tr>
</tbody>
</table>

Profit attributable to owners of parent

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>6,971</td>
<td>8,683</td>
<td>9,353</td>
<td>13,767</td>
<td></td>
</tr>
</tbody>
</table>

Other Food Related Business

- Vox Trading Co., Ltd.
  Import, export and sales of agricultural products and foods

- Delica Chef Corporation
  Production and sales of prepared dishes, baked bread, and dessert products

- House Logistics Service Corporation
  Transport and warehouse operations

- House Food Analytical Laboratory Inc.
  Analysis service concerning safety and sanitation of foods

- Tim Food Co., Ltd.
  Production and sales of frozen vegetables, mustard essential oil, and processed foods, etc.

- PT. Java Agritech
  Agricultural management and processing and sales of agricultural products, etc.

Support for the Group

- House Business Partners Corporation
  Undertaking of outsourced operations of the Group

- House Foods Group Inc.
  Supervision of domestic and overseas subsidiaries of the House Foods Group
Editorial policy

We create the CSR 2019 HOUSE FOODS GROUP INC. to help the CSR activities of the House Foods Group to be understood by our stakeholders and to communicate more comprehensively with them.

FY2019 is the second year of the Sixth Medium-Term Business Plan. We therefore report not only our past activities but also our future initiatives based on our three main responsibilities under the CSR Policy: responsibilities for Our Customer, Our Employees and Their Families, and Society.

Information disclosure system of the House Foods Group

We disclose our CSR information by taking advantage of the respective characteristics of the booklet and the website. We position the CSR 2019 HOUSE FOODS GROUP INC. as a digest while using our website to exhaustively report information not provided in the booklet, including detailed contents on ongoing activities. For details of our business strategies and business activities, please refer to the Integrated Report.

<table>
<thead>
<tr>
<th>Month/year of issuance:</th>
<th>CSR 2019 HOUSE FOODS GROUP INC.: October 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject organization:</td>
<td>House Foods Group (consolidated)</td>
</tr>
<tr>
<td>Period covered by the report:</td>
<td>April 1, 2018 to March 31, 2019</td>
</tr>
<tr>
<td>Information about our activities carried out before FY2018 or after FY2019 is also included in some sections.</td>
<td></td>
</tr>
</tbody>
</table>

Reference guidelines: Environmental Reporting Guidelines 2012 by the Ministry of the Environment, Japan/ISO 26000 (Guidance on social responsibility)/GRI’s Sustainability Reporting Standards.