



CSR REPORT

HOUSE FOODS GROUP INC.

2018



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

Toward our Employees and Their Families

- 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 Society

- 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.

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

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

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 fulfil active roles

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.

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 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.

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Aiming to achieve the Group philosophy

Hiroshi Urakami

President, House Foods Group Inc.

➤ CSR at the House Foods Group

We are under the impression that the term “corporate social responsibility” (CSR) has only begun to be used frequently in recent years. In fact, however, the idea is not new at all. This is evident, for example, from sanpo-yoshi, which is the traditional business morality of Omi merchants, and the book *Concept of the Corporation*

(1946) authored by Peter Drucker. So why has CSR begun to be proclaimed loudly in recent years? I believe it is a reaction to the overemphasis on profit that has been exercised in global corporate activities for the past several decades.

The Group philosophy of the House Foods Group is “Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives.” This philosophy is based on our three responsibilities (responsibilities for our customers, our employees and their families, and society) that we need

to fulfill as a corporate citizen, and these words reflect our desire to be a good partner of diverse stakeholders. We believe that we can fulfill our corporate social responsibility by achieving this Group philosophy. For us, the term CSR is an abbreviation for Creating Smiles & Relationships.

» As a corporate citizen

The Fifth Medium-Term Business Plan ended in March this year. In the last three years, we have undergone repeated trial and error under the theme of striving to become a high quality company that provides a “Healthy Life Through Foods.” In this process, we have accepted multiple operating companies, including Ichibanya Co., Ltd., Gaban Co., Ltd., and Malony Co., Ltd., as new Group companies, which has resulted in greater diversity in the House Foods Group. In the course of the three years, we also felt that it was becoming more important than ever before to pay attention to diverse stakeholders due to the significant changes in the employment environment and the growing social demand. In response, under the new Sixth Medium-Term Business Plan that commenced in April this year, we aim to become a high quality company in all of the three responsibilities (for our customers, our employees and their families, and society).

As our activities for society, we will work on two themes for the good health of people and our planet. One is the construction of the recycling-oriented model that we need to undertake as a corporate citizen. Under this theme, we will strive to reduce CO₂ emissions, curb waste, and ensure sustainable procurement. The other is a society of healthy longevity, a theme that we can work on because we are a food company. We will work to achieve healthy diets and provide health solutions under this theme.

Our activities for our employees and their families are based on a single theme: the achievement of diversity. Since peaking in 1995, the productive population of Japan has been declining for more than 20 years. As a result, employment-related problems have risen to the surface everywhere. What we can do now is make the best use of human resources who can work, regardless of gender, age, national-

ity, and the presence or absence of disabilities. We feel that both companies and Japan will be unable to survive without achieving diversity. At the same time, we face a problem that is specific to us. It is the fact that due to the growing diversity of our Group companies in the last few years, it has become an urgent task for the House Foods Group to foster a corporate culture that respects diversity. We will strive to improve productivity by promoting work style reforms and the securing of various human resources and creation of a place/occasion to do a great job under the theme of the achievement of diversity. We will focus on activities that will benefit both our employees and the Group; that is, the development of individuals and wealthy lives for our employees and the creation of innovations and the growth of the Group for the House Foods Group.

The situation surrounding us is expected to remain unpredictable, with the maturation of the domestic market and the increasing uncertainty of the international situation, for example. We will work hard to remain a good partner of our stakeholders and contribute to achieving a sustainable society to the best of our ability as a corporate citizen, so that the House Foods Group will survive in society in the above situation for the next 100 and 200 years.

In this year's CSR Report, we introduce some of our CSR initiatives, for which the House Foods Group and Group companies undertake repeated trial and error to be a good partner of diverse stakeholders, under the themes of what must not be changed, which the House Foods Group has valued, and what must be changed. I hope that you will read this report and understand our business activities.

Close Up

Special Feature

1

Aiming for the achievement of the Group philosophy and the development of each employee through the House Way activities



Due to the global expansion, the increase in the number of affiliates, and the diversification of employment, the House Foods Group is transforming into a business entity that includes multiple business models and cultures. In addition, the Group will continue changing, just as its relationship with stakeholders has changed from how it was at the time of its foundation in 1913.

While changing in this way, we aim to maintain the distinctive character of the House Foods Group for the next 100 and 200 years by recognizing the need to share the values concerning the way the Group should act and by identifying what must not be changed and what must be changed while taking advantage of the diversity within the Group. For this purpose, we created The HOUSE WAY BOOK and The HOUSE

Objectives of the House Way activities

Achievement of the Group philosophy and the development of every single employee

WAY NOTEBOOK in 2016.

We promote the House Way activities, in which we think about the House Way and our activities, with the awareness that every single employee of the House Foods Group will create its history.

Tools that support the House Way activities

The House Way activities are carried out by using The HOUSE WAY BOOK and The HOUSE WAY NOTEBOOK as tools.

The HOUSE WAY BOOK is a book containing the universal philosophy, the thoughts of our founder, and other ideas that form the basis of the House Way. It was issued on November 11, 2016 in Japanese, English, and Chinese (simplified and traditional) at the same time, so that the House Foods Group employees all over the world can share its contents.

The HOUSE WAY NOTEBOOK contains stories about our predecessors who practiced the House Way. It is used as a tool for deepening understanding of the House Way and thinking about it on one's own. Users can also write down what they think and feel in the notebook.

In FY2017, Group companies began to carry out the House Way activities by using these tools.



The HOUSE WAY BOOK
Japanese, English, and Chinese (simplified and traditional) editions



The HOUSE WAY NOTEBOOK
Japanese and Chinese (simplified) editions

In FY2017, which was the first year of the activities, we began to develop facilitators who promote the activities. We held a House Way Workshop and carried out activities aimed at having employees regard the House Way as their own issue and internalize it.

Development of facilitators who organize workshops



Study session for developing facilitators

We held a study session for employees of the House Foods Group with the aim of developing facilitators who can organize workshops as opportunities for workplace communication (dialogues).

After attending lectures on the basics of facilitation given by an external lecturer, the participants practiced what they had learned three times in their workplaces, with feedback provided to them each time. The facilitators design and organize workshops that are appropriate for the organizations of each Group company.

House Way Workshop

To ensure that the House Way activities are carried out more systematically, a workshop was held for the heads of departments, who are highly influential in each organization. It was held to enable the heads of departments, who are very experienced, to discover connections with the House Way by telling and sharing stories of their experiences with each other. The workshop permitted the participants to understand the importance of encouraging the House Way activities.

We also designated November, which is our foundation month, as the House Way Promotion Month, when workshops and other sessions are held in each department with the leading role played by the department head.



House Way Workshop

Having the values of House Foods Group shared globally



Training session in China

In April 2017, a training session on the House Way was given by President Urakami of House Foods Group Inc. to around 100 executive officers from Group companies in China, including House Foods China Inc.

In March 2018, a Chinese edition of The HOUSE WAY NOTEBOOK was issued in response to a request from Group companies in China. This edition contains stories about local employees who have been practicing the House Way in China, based on interviews held in that country and other sources of information. This is because stories that represent the distinctive character of House Foods vary in different regions and cultures.

Comments from someone in charge of the House Way activities

We encourage the House Way activities by attaching importance to open-mindedness and independence. This means that we need to expand the targets to all Group companies and all employees of the Group and create opportunities for them to participate in the activities voluntarily. We aim to make them established activities, in which the participants understand each other through dialogues and look for answers while building relationships, rather than enforcing the values.

We will encourage the activities with the aim of achieving the Group philosophy and developing every single employee.



Shinsuke Hirata
CSR Division
House Foods Group Inc.

Close Up

Special Feature

2

Aiming to achieve a society of healthy longevity



We are facing a wide variety of health issues related to diet, including lifestyle-related diseases, increased opportunities to eat alone, which is attributed to changes in lifestyle and social structure, malnutrition caused by poverty or other circumstances, excessive eating, and malnutrition of young women.

In the House Foods Group, which has specified striving to become a high quality company that provides a “Healthy Life Through Foods” as its ideal state, we will strive to achieve a society of healthy longevity. We will also focus on providing solutions for good health to solve health issues through foods while also enhancing initiatives for achieving healthy eating habits.

A society of healthy longevity that the House Foods Group aims to achieve

A society where everyone in the world can live in good health and happiness through foods

Everyone

- is free of hunger
- has access to safe, secure foods
- can experience the pleasure of cooking and eating together
- can develop good mental and physical health

▶ Initiatives we have taken

A pot of food for the whole family

In the House Foods Group, we take various initiatives to deliver products that can be enjoyed with a sense of security, even by people with food allergies.

For the Tokutei Genzairyo 7 Hinmoku Fushiyou Series (a series of products that do not use seven specific ingredients) from House Foods, we prevent allergens from being mixed into the products by using exclusive equipment, tools, and clothing as well as a dedicated production line, in addition to applying the measures we take for other products. We have therefore established a management system that ensures that the production line for the products remains completely separate from all other lines.

* Seven specific ingredients refer to wheat, milk, egg, peanuts, buckwheat, shrimp, and crab. Among food items that are particularly likely to cause allergies, these ingredients are required to be clearly shown on the package due to the frequency and severity of the allergies they cause.



Providing products as solutions to regional issues

Health-related issues differ from region to region. In the House Foods Group, we contribute to developing good health through foods in the best way for each region.

In the United States, where obesity is a social problem, the House Foods Group holds one of the largest shares in the tofu market, which may come as a surprise. The benefits of soybeans have been recognized by the Food and Drug Administration (FDA), and our tofu products are enjoyed by people in the United States as healthy foods due to growing health consciousness.

In Thailand, we supply C-vitt, a tasty functional drink that permits the easy intake of Vitamin C, which is lost due to stress or sweating caused by extreme heat. We developed the product based on C1000, which is well known in Japan, by ensuring that it would suit the tastes of customers in Thailand. We launched the product in 2012, and it has now become a well-known drink in that country.



Helping customers to eat tasty, nutritionally balanced meals with ease

House Wellness Foods Corporation developed Yosan-mai (folic acid rice) in 2010 jointly with Kagawa Nutrition University. The product makes it easy to take folic acid, which has attracted the attention of health-conscious people including expectant mothers, together with three vitamins (Vitamin B1, B6, and B12).

In November 2016, we concluded a Partnership Agreement on the Sakado City Folic Acid Project with the government of Sakado City, Saitama Prefecture. Kagawa Nutrition University has also joined this project, resulting in the establishment of a virtual industry-government-academia collaboration. We will step up our efforts to raise awareness of the necessity to take folic acid.

We also carried out activities to promote the Shingen Suppli Mai series at seminars for nutritionists. We will enhance our activities to help a wide range of people with nutrition management.



A seminar for nutritionists

For good mental and physical health

Moderate exercise is essential to remain healthy.

At the House Foods Group, we began holding the House (Vermont) Family Walk in 1997 with cooperation from the Japan Walking Association and local walking associations. During this event, the participants walk around a course while enjoying the scenic beauty of each area.

In addition, we have been the special sponsor of the JFA Vermont Cup U-12 Japan Futsal Championship, a tournament for determining Japan's No.1 futsal team of elementary school students that is hosted by the Japan Football Association (JFA). We became the special sponsor in 1998, when this event was held for the seventh time, with a desire to support the sound growth of children and help them to pursue their dreams.

We will continue to carry out activities to promote the development of good mental and physical health by enhancing communication between families and colleagues, in addition to helping people with daily activities for improving and maintaining their health.



House Family Walk



JFA Vermont Cup U-12 Japan Futsal Championship

▶ Future activities

We will continue to take on challenges to achieve a society of healthy longevity by being proactive in collaborating with external parties in creating innovation, not to mention continuing to improve these activities.

NEWS

Commencement of research on the effects of dietary habits on health improvements, which is conducted using big data

In June 2018, House Foods Group Inc. and Hirosaki University launched a joint research project called Shoku to Kenko Kagaku Koza (scientific project on diet and health). Implemented as part of Hirosaki University COI*, the project is aimed at revealing the relationships between diet and a variety of health indicators by using health big data in an attempt to clarify dietary habits that help extend healthy life expectancy. The project pays particular attention to the problems of dementia and frailty that have emerged as part of the recent super-aged society. It aims to help solve these social issues by suggesting dietary styles on the basis of scientific grounds.

* **Hirosaki University COI:** Hirosaki University was selected as a center for COI STREAM, a program for creating radical innovations promoted by the Ministry of Education, Culture, Sports, Science and Technology. Hirosaki University COI analyzes health big data with the aim of enabling the early detection of dementia, lifestyle-related diseases, and other health problems, creating and validating methods of preventing such problems, and applying the achievements in society (applying and expanding them to solve problems).



Opening ceremony of Shoku to Kenko Kagaku Koza

Our Three Responsibilities regarding CSR



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. Under the Sixth Medium-Term Business Plan, we will promote new initiatives for each of the three responsibilities with greater awareness of social issues.

Three responsibilities

Points of focus of the Sixth Medium-Term Business Plan

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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.

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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.

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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

- Reduction of environmental impact
- Dietary education
- Harmonious co-existence with local communities

New initiatives

- Initiatives for the effective utilization of limited resources
- Promotion of sustainable procurement

SDGs to which we aim to contribute



Goal 2: Zero Hunger



Goal 13: Climate Action

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.

- Activities reflecting customer feedback
- Pursuing good taste

New initiatives

- Accelerating open innovations



Goal 3: Good Health and Well-Being



Goal 12: Responsible Production and Consumption

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.

- Creating a mechanism that provides job satisfaction
- Taking initiatives for family ties

New initiatives

- Implementation of work style reforms
- Securing of various human resources and creation of a place/occasion to fulfill active roles



Goal 5: Gender Equality



Goal 8: Decent Work and Economic Growth

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.

Responsibility for Society



In the House Foods Group, we have carried out corporate activities in an environmentally-friendly manner and deepened communication with local communities with a focus on foods, aiming for a harmonious coexistence with them. On the other hand, there are numerous social issues remaining that should be addressed by the food industry, including the increase in food demand, environmental issues, supply chain management, and consumer issues.

We hereby introduce some of our new initiatives that we will implement in the future, together with those to which we have been committed.

Initiatives for reducing the environmental impact » Long-term environmental goals to achieve by FY2030 and progress

To tackle environmental issues more proactively in a group-wide manner, we have set long-term environmental goals on CO₂ emissions, the amount of waste, and water consumption to achieve by FY2030, with the base year being FY2013.

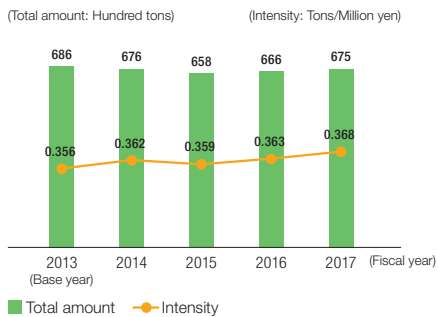
In FY2017, our business facilities in Japan finished receiving reviews for

the transition to ISO 14001: 2015, the international standard for environmental management systems. We will take the revision of the standard as an opportunity to activate the environmental activities of the Group and improve their efficiency further. We will continue striving to reduce the environmental impact to achieve the goals by FY2030.

● Long-term goals to achieve by FY2030 and progress in the last five years (base year: FY2013)

CO₂ emissions

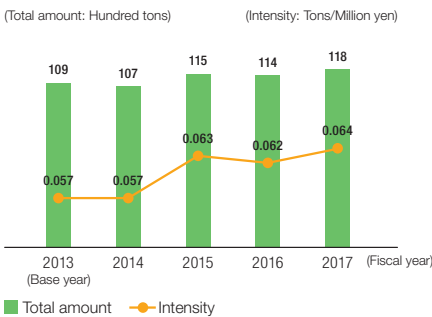
FY2030 intensity* reduction target **-25%**



Waste

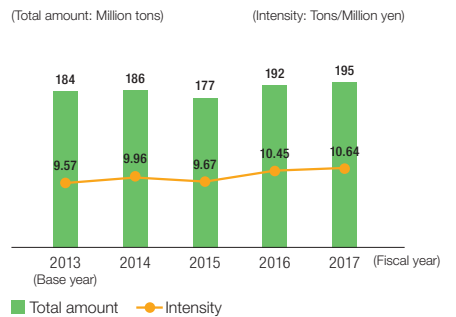
FY2030 intensity* reduction target **-16.5%**

FY2030 recycling rate: **100%** (zero emissions)



Water consumption

FY2030 intensity* reduction target **-8.5%**



[Subjects] - CO₂ emissions and amount of waste: House Foods Group Inc. (Japan), House Foods Corporation, House Wellness Foods Corporation, Sun House Foods Corporation, Sun Supply Corporation, House Logistics Service Corporation, High Net Corporation (until FY2016), Delica Chef Corporation, House Ai-Factory Corporation, House Food Analytical Laboratory Inc., and House Business Partners Corporation
 - Water consumption: Factories of House Foods Corporation and House Wellness Foods Corporation, Sun House Foods Corporation, Sun Supply Corporation, and Delica Chef Corporation

*Intensity: Amount of environmental impact per sale

My CSR » Clean neighborhood, good health, and internal communication — the three benefits obtained through Hayaoki-kai (early bird session)

At Ichibanya Co., Ltd., we hold Hayaoki-kai (early bird session), an activity to clean up the neighborhood of the head office, for 30 minutes from 7:00 a.m. on Tuesday through Saturday in the third week of each month. In May and December every year, we hold the Gomi Zero (zero rubbish) activity, an expanded version of Hayaoki-kai. A large number of employee volunteers participate in this activity to clean up a wider area. (Number of participants in May 2018: 160)

The founder of the company originally began cleaning activities as a measure to encourage employees to get up early. This spread to the restaurants and has been continued for more than 20 years. The company will continue the activity for cleaning up the town, which also enables its employees to interact with each other.



Volunteer Committee, Ichibanya Co., Ltd.

We help people develop the ability to eat better by telling them about the importance of eating and the pleasure of producing food, reflecting our wish for the active, happy lives of all families.

We hold House Foods Food, Agriculture and the Environment Workshops, which are aimed at helping participants to understand the importance of foods and the natural environment by experiencing the cultivation, harvesting, and cooking of rice and vegetables, having contact with fields and the nature surrounding them, and observing creatures. We also hold My First Time Cooking workshops, which are aimed at assisting participants to expand their interest in foods and experience the importance of foods, the fun of cooking, and the pleasure of eating through the experience of handling food ingredients, cooking them on their own, and eating them.

We also encourage Group employees to participate in these activities in our efforts to raise their awareness and create points of contact with customers.



Number of Kindergarteners who Participated in
My First Time Cooking Workshops

Cumulative total: around **745** million (FY1996 to FY2017)

Since 2006, Malony Co., Ltd., which joined the House Foods Group in August 2017, has been working on Eco-Action 21, environmental management systems that were formulated by the Ministry of the Environment. The company has therefore been taking environmental initiatives for more than ten years.

The company had been taking actions including energy conservation, partly reflecting its corporate culture of minimizing waste. The company gradually upgraded the activities and expanded their range. It is now committed to the protection of the local environment, rather than carrying out internal activities only. The company has also been participating in the Kanzaki-Kahan Kigyo Renraku-kai, a network of companies located along the Kanzaki River that flows close to its head office in Suita City, Osaka, since the organization was established in 2002. In this network, the company works on the environmental protection and revitalization of local communities along the river.

In recognition of these activities, Malony Co., Ltd. received an award of encouragement in the 26th Food Safety, Security and Environment Contribution Award hosted by the Japan Food Journal in November 2017.

The company will continue to commit to building a better relationship with the local community.



Activity to clean up the banks of the Kanzaki River

My CSR » Aiming to be a good partner, collaborating with people to create smiles in their lives through social contribution activities

Cooking curry, rice planting, harvesting, and cooking, with the vibrant smiles and cheers of children – I always feel that all these things constitute the experience of collaborating with them to create smiles in their lives through dietary education, and they are the precise philosophy of the House Foods Group. I feel refreshed every time I participate in these activities, and we volunteers keep receiving energy from the children. Smiles create smiles, connecting the children with each other. I think this is a wonderful project that will be a key formative experience for the children. Every time I participate in the activities, I am happy to support the significant activities that enable us to experience the philosophy of the House Foods Group.

Wakana Shirasaka Kansai Branch, House Logistics Service Corporation



New initiatives

We believe that what we should do to fulfill our social responsibility is to achieve a sustainable society by contributing to the health of people and our planet through the food business. Under the Sixth Medium-Term Business Plan, we will promote two core initiatives, that is, the construction of the recycling-oriented model and the achievement of a society of healthy longevity.

➔ See pages 7 and 8 for a special feature on our initiatives for achieving a society of healthy longevity.

Construction of the recycling-oriented model

Initiatives for the effective utilization of limited resources

» Reducing CO₂ emissions through the efficient use of energy

We will make group-wide efforts to use energy even more efficiently to address global warming as an urgent global issue.

We will save energy and resources further by promoting patient improvement activities, the strength of the House Foods Group,

across the entire Group, in addition to introducing facilities with a lower environmental impact and pursuing more environmentally-friendly manufacturing processes.

» Curbing waste generation

To curb waste generation, we focus our efforts on reducing food loss as a company engaging in the food business.

The amount of food loss in Japan is 6.46 million tons* per year. This means that the amount of food discarded in Japan is as much as around two times more than the amount of food aid provided in the world. To minimize food waste, we at the House Foods Group take initiatives such as pursuing production methods that help reduce food

loss and improving the accuracy of demand forecast. We reuse food waste, which is generated despite our efforts to reduce it, as fertilizers and fodder. In addition, we donate our products that have not yet expired but cannot be distributed in the market to foodbanks so that they can be delivered to and used effectively by needy households.

*Source: Ministry of the Environment, Japan, Annual Report on the Environment, the Sound Material-Cycle Society and Biodiversity in Japan 2018

Rate of reduction of product waste in FY2017

46% (compared to FY2013 level)

*House Foods Corporation, House Wellness Foods Corporation

Recycling rate in FY2017

95.5%



Our products being donated to a foodbank

My CSR » MOTTAINAI: Aiming to create smiles on more people's faces through foods

In FY2017, we donated our products to a foodbank as disaster stock through the desire to make effective use of foods to be discarded. Although I had often heard the word "foodbank," it is difficult for individuals to become involved in the activities of foodbanks. This time, I was able to participate in the activities as an employee of the company, and I learned a lot from the experience. I will continue to work on social contribution activities under the slogan of MOTTAINAI so as to minimize food waste, which is discarded despite being edible.



Yoko Matsumoto Osaka Branch, House Foods Corporation

Promoting sustainable procurement

Due to the globalization of corporate activities, companies are required to address issues related to human rights and labor as global problems, such as forced labor and child labor, and consider the environment and the local economy, in the overall value chain from raw material procurement to consumption and disposal. At the House Foods Group, we will focus our efforts on sustainable procurement, that is, activities of procuring raw materials in consideration of these issues, under the Sixth Medium-Term Business Plan.

» Enhancing initiatives on palm oil and paper resources

The House Foods Group joined the Roundtable on Sustainable Palm Oil (RSPO)*¹ in January 2018. Moving forward, we will promote initiatives on sustainable palm oil in a step-by-step manner by considering the possibility of procurement.

With regard to paper resources, we will work 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.

*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.



Palm oil: Palm oil is a vegetable oil derived from oil palms. This oil is used for many food products and daily necessities. Because of the expansion of the global economy, the production of palm oil has been increasing, and the development of oil palm plantations has been taking place. There are concerns over many risks involved in palm oil production, including the environmental impact of rainforest logging and problems related to the rights of indigenous people.

» Initiatives on spice procurement

Gaban Spice Manufacturing (M) SDN. BHD., which engages in the procurement of spices, has a policy of visiting suppliers on a regular basis and checking products with their own eyes on farms as much as possible when procuring spices.

Many farmers producing spices are small-scale ones, among whom sustainable production has yet to spread. The company contributes to sustainable spice production by giving priority to spices from farmers engaged in sustainable production and striving to communicate with farmers in various ways when visiting them for on-site inspections.



A field investigation of a pepper farm



Peppercorns

My CSR » Having Japanese cultivation techniques applied by local farmers

We improved the capsicum cultivation method with farmers in India, which is the world's largest capsicum production area. Little by little, we succeeded in getting the local farmers to apply Japanese cultivation techniques, which maximize the yield per unit of land in the limited farmland, by carrying out farm work together with them. The farmers were skeptical about the techniques in the first year. Seeing the yield increase markedly, however, they began to apply the techniques proactively in the second year. The job of handling spices gave me an opportunity to experience the pleasure of contributing to the production areas.

Motoki Hayashi Spice Division II, Vox Trading Co., Ltd.



Responsibility for Our Customers



In the House Foods Group, we have been reflecting customer feedback and pursuing high quality and good taste in an uncompromising manner. On the other hand, it is also essential that we change our initiatives in response to the development of our business, such as the expansion of the value chain and the global operation of the business. We would like to evolve our group-wide initiatives, and at the same time, accelerate the growth and expansion of our overseas business and creation of innovations.

Activities reflecting customer feedback » QUIC

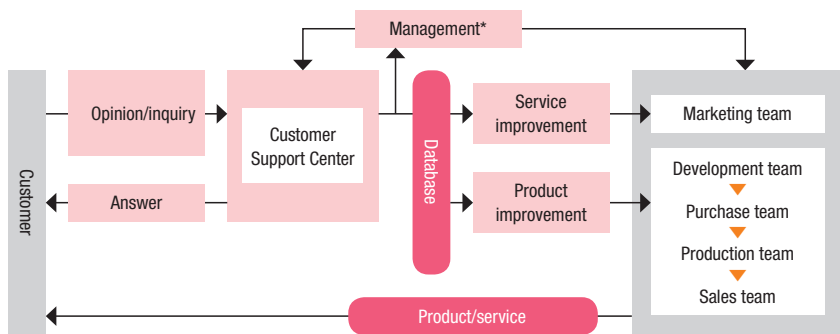
We carry out Quality Up by Initiative of Customers (QUIC) activities to continue to deliver products that customers can use with a sense of security. QUIC is a cross-sectoral initiative for responding rapidly to the needs of the times by reviewing what manufacturing should be like, such as methods of product design, rules on product labeling, and research on production engineering, under the slogan of "Let's learn from customers," instead of only responding to inquiries from customers. We aim to be a good partner for

our customers by providing them with products that we believe to be safe and reliable, not to mention having good taste.

Number of products and services developed based on customer feedback

50 (cumulative total for FY2011 to FY2017)
*Products from House Foods Corporation

● Flow of responding to customer inquiries/opinions



*Personal information about the customer is excluded from customer feedback when it is reported to the management.

● The Three Principles of QUIC

- 1 Be more sensitive to customers.
- 2 Improve your ability to provide explanations to customers.
- 3 Learn from customers and improve the manufacturing capability of House Foods.

My CSR » Aiming to continue working close to customers and creating smiles on their faces throughout the ages

In the Customer Support Center, we receive inquiries from multiple customers every day, and we strive to respond to them carefully and accurately. Above all, because customer concerns change on a daily basis in response to social changes, inquiries with the same content may differ in terms of the background of the concern. We therefore ensure that we remain sensitive to a wide range of information and work closely with customers with the aim of undertaking intimate communication with them. We work to provide customers with a sense of security and make them smile.

Chiaki Kuwahara Customer Service Division, House Foods Corporation



Pursuing good taste » **Aiming for a higher level of good taste: Provision of taste training to research staff members**

The House Foods Group's pursuit of good taste may be restated as the creation of a higher level of good taste. Our research staff members receive a variety of training in order to be able to create a higher level of good taste, instead of mere good taste.

As soon as they join the company, they learn about the five basic tastes (sweetness, saltiness, sourness, bitterness, and umami) and flavors, and receive training on the basics of how to bring out the flavors of ingredients so that

they can create good taste from a scientific perspective as well as with their senses. In addition to receiving training in the laboratory, they improve their culinary skills by undergoing training in the kitchen of a well-established French restaurant or Japanese restaurant. Research staff who have undergone such training provide guidance to young staff members, thereby continuing to aim for a higher level of good taste.



Research staff members undergoing training at a Japanese restaurant

New initiative

Accelerating open innovations » **Establishment of the House Foods Group Innovation Fund**

To become a high quality company that provides "Healthy Life Through Foods," we need to make innovations happen by working together with companies inside and outside the Group.

In October 2017, House Foods Group Inc. established the House Foods Group Innovation Fund jointly with SBI Investment Co., Ltd. This fund invests in promising venture firms in Japan and other countries that are expected to create synergy with the existing businesses of the House Foods Group in new fields.

As the first investment project, we have decided to invest in a company that provides services including a logistics support platform for agricultural, livestock, and fishery products that link production areas and consumption areas. We will take advantage of each other's strengths and management resources and grow together, thereby creating a new value base and contributing to achieving a sustainable society.

My CSR » **Suggesting new food businesses of the 21st century through collaborations**

I am in charge of promoting open innovations with venture firms. Many of the business managers I contact daily work on their businesses with high aspirations, with the aim of solving social issues. I am hugely inspired by them.

Moving forward, I would like to sow the seeds of new businesses by combining the strengths of the House Foods Group with the excellent technological capabilities and ideas of venture firms. I would also like to contribute to human resources development of the Group through collaboration processes.

Takahiro Yamashita Corporate Planning Division, House Foods Group Inc.



Responsibility for Our Employees and Their Families



In the House Foods Group, we value the growth of every single employee based on our long-held belief that the businesses and value of a company are created by people.

On the other hand, we have set the achievement of diversity as a major goal under the Sixth Medium-Term Business Plan in order to adapt to changes in society such as the decrease in the productive population in Japan, the increase in burdens related to childcare, nursing care, and others, the requirement to correct long working hours, and the mobility of human resources. We will improve productivity, promote the development of individuals, enrich people's lives, and create innovations. We will strive to ensure that these activities lead to the growth of the House Foods Group in our efforts to improve our corporate value.

A mechanism that provides job satisfaction

» Supporting the development of employees

We provide a broad range of support for the career development and capability development of every single employee to create an organization and corporate culture that encourage our employees to think on their own and take on challenges willingly.

We provide a wide variety of training programs in addition to learning programs aimed at imparting the knowledge and skills required in each job class. These include House Keiei Juku (House Management School), which is headed by President Urakami of House Foods Group Inc. and is aimed at helping executive candidates to develop intestinal fortitude as business managers, in addition to providing them with skills and knowledge. We have also

prepared an unscripted program in which trainees identify the social issues of emerging countries and strive to solve them by working in the countries together with a wide range of related persons, including those from companies, NPOs, and the government. We therefore provide highly characteristic programs for the development of every single employee.



A House Keiei Juku class

Initiatives for family ties

» Enriching families as well

In the House Foods Group, we believe that an attractive workplace that enables the self-actualization of employees can be created only when they are fulfilled in terms of their career stage and life stage. Based on this belief, we implement diverse measures to allow employees to balance work and family life.

We have built a system that enables all employees, including men, to take childcare leave and nursing care leave. We also promote initiatives for

ensuring that employees' families understand our work, including workplace visits by families (e.g. House Family Tours).



House Family Tours

My CSR » The intestinal fortitude I learned at House Keiei Juku

I participated in House Keiei Juku in FY2016. The keywords were "intestinal fortitude." It was quite difficult to have a group debate on a deep topic on the first day. I was discouraged by the narrowness of my vision and my poor ideas. The class became tougher every time, and I spent days having to write reports while also carrying out my daily job. I will not forget the feeling of fulfillment I experienced when I had completed all eight classes. I had a fantastic experience, which gave me the feeling that I truly understood the importance of developing and acquiring intestinal fortitude.

Akinori Muranaka Fukuoka Branch, House Wellness Foods Corporation



New initiatives

The labor shortage, which is attributed to the decrease in the productive population, is a fundamental problem that cannot be addressed without achieving 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. To achieve diversity in this way, we at the House Foods Group are promoting two core initiatives of implementation of work style reforms and securing of various human resources and creation of a place/occasion to fulfill active roles.

Implementation of work style reforms » Aiming to be a company where diverse human resources can participate actively and find their jobs meaningful

What work style optimizes the capability and value of every single employee?

We believe that work style reforms beyond the existing framework, in which we design the most productive work style in accordance with the contents, purpose, roles, environment, and restrictions of each job, instead of designing a uniform work style, will enable us to create innovations, and will lead to the development of the House Foods Group and individuals and wealthy lives. We believe that such reforms will serve as a strong driving force in the promotion of diversity.

● Framework of the Sixth Medium-Term Business Plan



With this belief, we are striving to achieve 5 reforms of work style and the reform of management under the Sixth Medium-Term Business Plan. In addition, we have established an organ for the promotion of work style reforms, in which 14 domestic companies participate, to apply the comprehensive strength of the Group in addressing the various issues that will be generated due to the above reforms. With this organ, we are endeavoring to create opportunities for collaborative creation, where employees learn from each other and help each other.

● Specific measures for the work style reforms

5 reforms of work style

- (1) Expansion of monthly planned work (flextime)
- (2) Introduction of teleworking
- (3) Introduction of objective management of working hours
- (4) Abolition of the deemed working hours system for sales activities
- (5) Reduction of the prescribed working hours

Reform of management

Establishment of the organ for the promotion of work style reforms

Securing of various human resources and creation of a place/occasion to fulfill active roles » Evolving into an organization that recognizes diverse distinctive characteristics

In the House Foods Group, we regard diversity as a process in which people with diverse characteristics gather to create something better.

To create an organization that accepts, takes advantage of, and develops diversity, we will promote measures for securing of various human resources and creation of a place/occasion to fulfill active roles, not to mention existing initiatives including those for the active participation of women.

● Securing of various human resources and creation of a place/occasion to fulfill active roles

- Recruitment/employment and active roles of various human resources (Mid-career employees, foreign-registered employees and handicapped personnel)
- Implementation of the activities for the promotion of active roles assigned to women within the Group
- Personnel exchange within and outside the Group
- Support for career design of employees

My CSR » Aiming to achieve diversity that will be the source of new growth

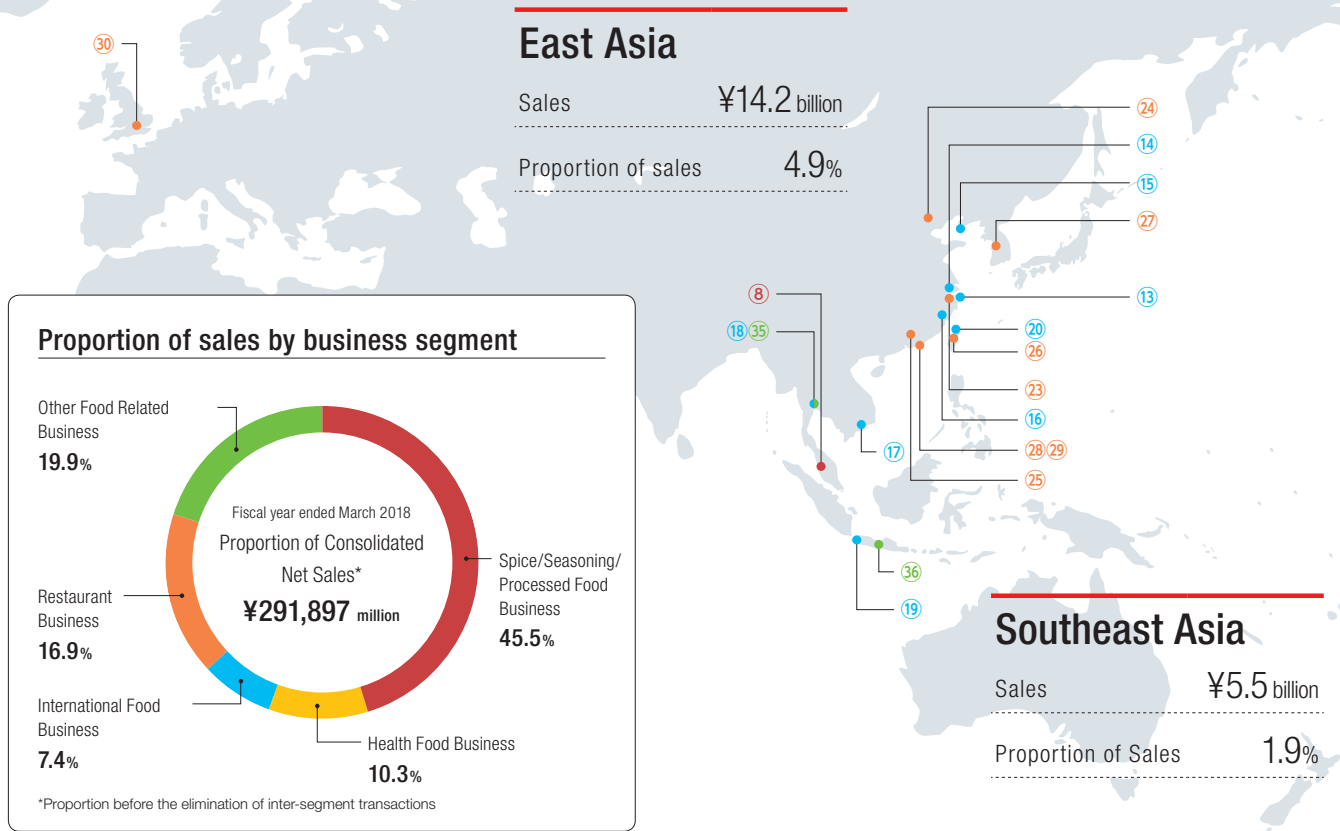
I joined the company in October 2017 after completing a graduate degree program in China. I am involved in the work of promoting initiatives for globalizing the company, including the recruitment of non-Japanese human resources. Since I came to Japan, my days have been fulfilling and full of new challenges. Moving forward, I would like to create paths for my junior colleagues and contribute to developing a corporate culture that will create new value by taking advantage of my experience and my unique ideas and viewpoint.



Zhang Xiaoxue Human Resources Development Division, House Foods Group Inc.

About the House Foods Group

Businesses and global network of the House Foods Group (As of March 31, 2018)



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 pouched 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 sales 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 Osotspa 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

United States

Sales ¥14.0 billion

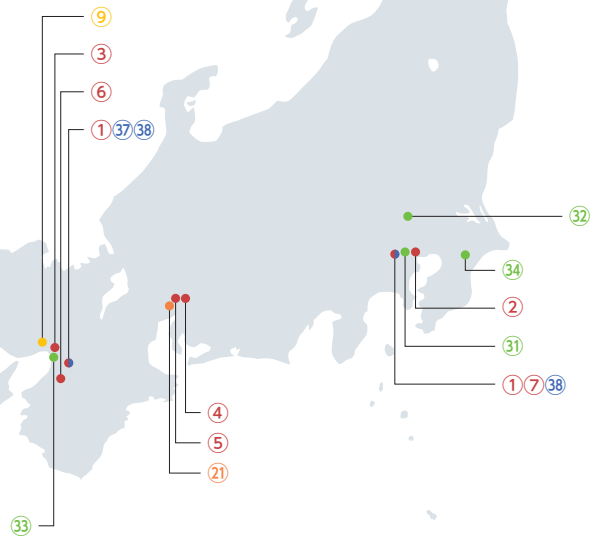
Proportion of Sales 4.8%



Japan

Sales ¥257.2 billion

Proportion of Sales 88.1%



Others

Sales ¥1.0 billion

Proportion of Sales 0.4%

Restaurant Business

- ⑳ **Ichibanya Co., Ltd.**
Planning and operation of restaurants
- ㉑ **Ichibanya USA, Inc.**
Planning and operation of restaurants
- ㉒ **Ichibanya Restaurant Management (China) Co., Ltd.**
Planning and operation of restaurants
- ㉓ **House Restaurant Management (Beijing) Co., Ltd.**
Planning and operation of restaurants
- ㉔ **House Restaurant Management (Guangzhou) Co., Ltd.**
Planning and operation of restaurants
- ㉕ **Taiwan Ichibanya Inc.**
Planning and operation of restaurants
- ㉖ **Curry House Korea Corporation**
Planning and operation of restaurants
- ㉗ **Ichibanya International Hong Kong Limited**
Restaurant operation guidance and trading services
- ㉘ **Ichibanya Hong Kong Limited**
Planning and operation of restaurants
- ㉙ **Ichibanya UK Limited**
Planning and operation of restaurants

Other Food Related Business

- ㉚ **Vox Trading Co., Ltd.**
Import, export and sales of agricultural products and foods
- ㉛ **Delica Chef Corporation**
Production and sales of prepared dishes, baked bread, and dessert products
- ㉜ **House Logistics Service Corporation**
Transport and warehouse operations
- ㉝ **House Food Analytical Laboratory Inc.**
Analysis service concerning safety and sanitation of foods
- ㉞ **Tim Food Co., Ltd.**
Production and sales of frozen vegetables, mustard essential oil, and processed foods, etc.
- ㉟ **PT. Java Agritech**
Agricultural management and processing and sales of agricultural products, etc.

Support for the Group

- ㊱ **House Business Partners Corporation**
Undertaking of outsourced operations of the Group
- ㊲ **House Foods Group Inc.**
Supervision of domestic and overseas subsidiaries of the House Foods Group

Third-Party Opinions

When I was a young child, my mother would say with a smile, "Let's have House Vermont Curry tonight." I still haven't forgotten her gentle smile. The combination of curry with lots of large pieces of potato and the sweet aroma of rice is still the symbol of a happy home for me. Vermont Curry was launched in 1963 and has remained a mainstay product of the House Foods Group. I would like to express my genuine respect to the Group for having continued to grow for so many years in the food industry, which is changing rapidly with new products coming and going.

The House Foods Group discloses its CSR information via two booklets: the Corporate Guide and the CSR Report. I would like to introduce the features of the House Foods Group's CSR management as reported in these two booklets and outline the factors that have enabled the Group to continue winning customers' trust for so many years.

First, the Group reinforced its management base. The House Foods Group shifted to a holding company structure in 2013. The holding company, which consists of slightly fewer than 300 employees, functions as the common base of the Group. Subsequently, the Group accepted Ichibanya Co., Ltd. in 2015, Gaban Co., Ltd. in 2016, and Malony Co., Ltd. in 2017 as its subsidiaries.

I believe that one of the reasons why the House Foods Group has continued to win customer trust for more than 100 years following its foundation lies in the fact that the Group continues to supply safe, secure products as a food manufacturer. While the Group is expected to have more affiliates through M&A and other initiatives, I think that the key to its growth lies in how it will maintain and improve the quality of products from Group companies. I find the House Foods Group very agreeable because it is evident from the reports that the Group has been striving to improve quality, mainly through Group quality assurance meetings and other meetings, with the leading role played by President Urakami.

Second, the Group carries out activities for sharing values. While the number of its affiliates increases and the Group is globalized, it has been

proactive in promoting activities for sharing values, such as the creation of The HOUSE WAY BOOK and The HOUSE WAY NOTEBOOK in 2016, House Way Workshops provided in Japan, and a training session on the House Way in China that was provided by President Urakami.

Third, the Group carries out social contribution activities based on its main business. As a food manufacturer, the Group is proactive in promoting social contribution activities, including providing My First Cooking workshops and other dietary education activities and activities for achieving a society of healthy longevity. Among the 17 UN Sustainable Development Goals (SDGs) to be achieved by 2030, Goal 2 is "Zero Hunger" and Goal 3 is "Good Health and Well-Being," which are related to foods and health. I think that this will broaden the field in which the House Foods Group will undertake an active role.

The House Foods Group is included in socially responsible investing (SRI) indices, and I believe that the Group is still highly rated by investors. I hope that the Group will continue to focus on its measures related to the UN SDGs. I think that it should introduce the activities that it has been working on sincerely, including those related to quality, dietary education, and health, more proactively. I think that this sincere management, which embodies its desire to be a good corporate citizen, is a feature of the House Foods Group.



Kazuhiko Takano

Professor and Ph.D. in Law
Faculty of Societal Safety Sciences and Graduate
School of Societal Safety Sciences, Kansai University

Executive Director, Japan Society for Business Ethics
Director, Association of Certified Business Ethics
Experts Japan

Senior Researcher, Business Ethics Research Center

Response to Third-Party Opinions

In the House Foods Group, we regard CSR as an abbreviation for Creating Smiles & Relationships to link it more deeply to the Group philosophy.

Under the Sixth Medium-Term Business Plan that started in FY2018, we aim to be a high quality company in all of the three responsibilities (for Our Customers, Employees and Their Families, and Society). We understand that the way the House Foods Group works for society is a major issue.

Professor Takano mentioned the gentle smile of his mother in his childhood memory and associated it with the Group philosophy of the House Foods Group. We appreciate this very much, and at the same time, we strongly desire to remain a corporate group that will continue to create smiles and relationships all over the world.

We will work on CSR activities with sincerity so that the House Foods Group will remain your good partner.

Kunio Otsuka General Manager, CSR Division, House Foods Group Inc.

Opinions and comments about this Report

Please send your opinions and comments by e-mail to the following. We will make use of your valuable opinions and comments as we compile future issues of this CSR Report and carry out CSR activities in the future. Please understand, however, that we are generally unable to respond to you individually.

✉ gcsr@housefoods.co.jp (for receiving only)

Editorial policy

We create the CSR Report to help the CSR activities of the House Foods Group to be understood by our stakeholders and to communicate more comprehensively with them.

FY2018 is the initial 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.

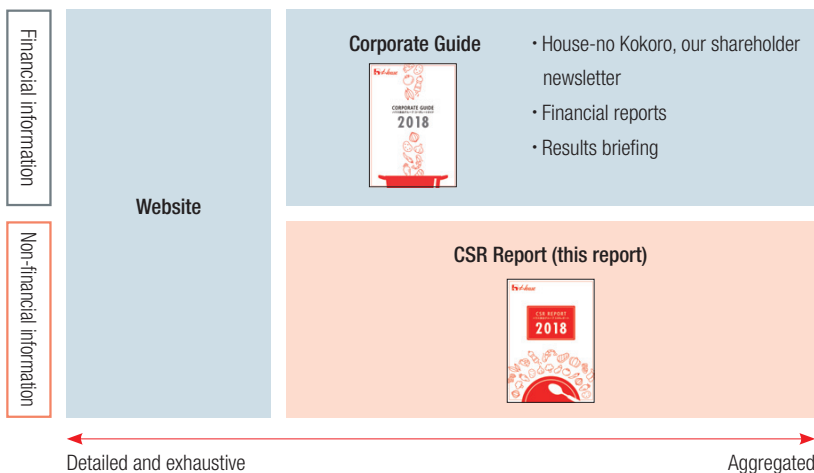
Information disclosure system of the House Foods Group

We disclose our CSR information by taking advantage of the respective characteristics of the booklet and the website. We position this CSR Report 2018 as the digest while using our website for exhaustively reporting information not provided in the booklet, including the detailed contents of ongoing activities.

For details of our business strategies and business activities, please refer to the Corporate Guide.

CSR page of the official website of the House Foods Group <https://housefoods-group.com/csr/index.html>

Information disclosure system of the House Foods Group



Month/year of issuance

CSR Report (this report): August 2018
Corporate Guide: August 2018

Subject organization

House Foods Group (consolidated)

Period covered by the report

April 1, 2017 to March 31, 2018
Information about our activities carried out before FY2017 or after FY2018 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

Company Overview (As of March 31, 2018)

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:

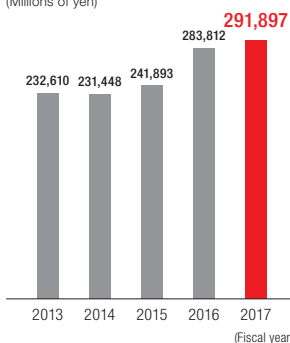
June 7, 1947

Number of employees:

278 (6,273 on a consolidated basis)

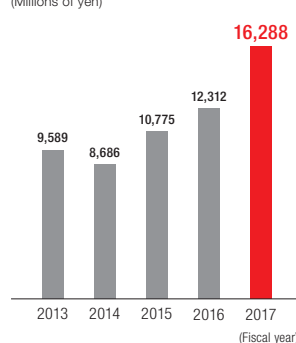
Net sales

(Millions of yen)



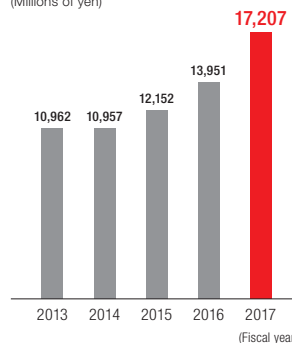
Operating profit

(Millions of yen)



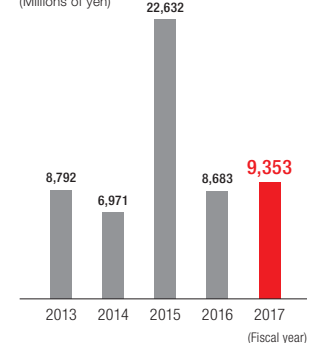
Ordinary profit

(Millions of yen)



Profit attributable to owners of parent

(Millions of yen)





Contact

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Issued in: August 2018