

Kyokuyo Group

ESG Databook

2021

Environment

Performance Data (Environment)

Targets and Performance

Kyokuyo Group's Environmental Targets and Performance (Fiscal 2020)

The Kyokuyo Group is carrying out environmental conservation activities systematically and continuously to meet the following specific items set as group targets while gradually expanding the scope of activities to all business areas.

Kyokuyo Group's Environmental Targets and Performance (Fiscal 2020)

○ Achieved (-0 to 10%, -0 to 5.4 p.p.) △ Partially achieved (-10.1 to 19.9% or -5.5 to 10.0 p.p.) × Not achieved (-20% or more or -10.1 p.p. or more)

| Activity | Objective | Unit | FY2020 target | Target value | Actual value | Evaluation | Achievement | Site |
|----------------------|--|-------------------------|---|--------------|--------------|------------|-------------|--|
| Saving energy | Reduce CO ₂ emissions* ¹ | t-CO ₂ | 3% reduction from adjusted performance* ² for FY2017 | 18,899.6 | 17,216.8 | ○ | 8.9% | All sites |
| | Reduce electricity consumption | Thousand kWh | 3% reduction from adjusted performance* ² for FY2017 | 32,043.4 | 29,590.0 | ○ | 7.7% | All sites |
| | Reduce heavy oil A consumption | kℓ | 3% reduction from adjusted performance* ² for FY2017 | 715.5 | 626.0 | ○ | 12.5% | Food plants |
| | Reduce CO ₂ intensity (production volume) | kg-CO ₂ /t | 3% reduction from adjusted performance* ² for FY2017 | 361.9 | 347.7 | ○ | 3.9% | Food plants |
| Saving resources | Reduce water consumption | Thousand m ³ | 3% reduction from adjusted performance* ² for FY2017 | 399.5 | 356.0 | ○ | 10.8% | Food plants |
| | Reduce food waste intensity (production volume) | kg/t | Cumulative target for FY2020: 67.5 kg/ton | 67.5 | 75.1 | △ | -11.3% | Food plants |
| Recycling | Increase waste recycling rate | % | Aim for a waste recycling rate of 92.6% | 92.6 | 92.5 | ○ | -0.1 p.p. | Food plants |
| Biodiversity | Develop new products | products | Develop 13 environmentally friendly products* ³ (in four segments) | 13.0 | 16.0 | ○ | 23.1% | Office sites (Head Office departments) |
| Preventing pollution | Reduce and abolish fluorocarbon use | — | Gather information and examine the validity of long-term capital investment plans | — | Carried out | ○ | — | Foods plants, cold storages |
| Social contribution | Social contribution activities | — | Select and implement activities at each site | — | Carried out | ○ | — | All sites |

*1 CO₂ emissions are aggregated separately by offices, food plants, and cold storage facilities, with the total as the group target.

*2 "Adjusted performance" indicates figures that are revised with taking various variables (number of people, number of working days, production plan, etc.) into account to previous year's actual performance when deciding targets.

*3 Environmentally friendly products correspond to those developed from previously unused parts, and products that have been commercialized with MSC and ASC certification.

Scope of environmental data aggregation

| | Included in aggregation |
|--------------------|--|
| Food plant sites | Shiogama Plant, Hachinohe Plant, and Hitachinaka Plant of Kyokuyo Shokuhin Co., Ltd.; Head Office Ohigawa Plant and Souemon Plant of Kyokuyo Suisan Co., Ltd.* ¹ ; Kyokuyo Foods Co., Ltd.; Kyokuyo Fresh Co., Ltd.; Kaiyo Foods Co., Ltd.; and Kyokuyo Shiogama Laboratory |
| Cold storage sites | Jonanjima Site (Head Office), Tokyo Site, and Fukuoka Site of Kyokuyo Akitsu Reizo Co., Ltd.; and Cold Storage Section of Kyokuyo Suisan Co., Ltd. |
| Office sites | Head Office and branch offices of Kyokuyo Co., Ltd.; Kyokuyo Sougou Service Co., Ltd.; Kyokuyo Shoji Co., Ltd.; Integrate System Service Co., Ltd.; and Logistics Division of Kyokuyo Akitsu Reizo Co., Ltd.* ² |

*1 For Kyokuyo Suisan Co., Ltd., the Cold Storage Section is included in the aggregation for cold storage sites.

*2 The Logistics Division of Kyokuyo Akitsu Reizo Co., Ltd. is included in the office sites.

Environment

Evaluation of Compliance with Environmental Legislation (Fiscal 2020)

In fiscal 2020, the Group had no accidents that had a significant impact on the environment. In terms of compliance with environmental legislation, there were four instances of caution from the government regarding the wastewater quality at plants, but we immediately corrected the issues and finished reporting.

Data

Environmental Accounting

The Kyokuyo Group monitors cost-effectiveness by quantitatively managing environmental conservation initiatives from the viewpoint of cost, in the belief that this helps in making more efficient and rational decisions. When disclosing environmental conservation costs, we take the needs of various stakeholders into consideration and report the information in accordance with the Environmental Guidelines issued by Japan's Ministry of the Environment so that it can be compared with other companies.

Kyokuyo Group's environmental conservation costs (Fiscal 2020)

(Unit: Thousand yen)
Figures in parentheses are for fiscal 2019

| Category | FY2020 Group total | | FY2020 breakdown: Offices | | FY2020 breakdown: Food plants | | FY2020 breakdown: Cold storage sites | | |
|--|---|----------------------|------------------------------|----------------|----------------------------------|----------------------|---|---------------------|--------------------|
| | Investment | Expense | Investment | Expense | Investment | Expense | Investment | Expense | |
| Costs in business areas | 289,755 (154,448) | 282,429 (292,583) | 47 (39) | 2,573 (857) | 75,846 (59,523) | 232,840 (263,932) | 213,862 (94,886) | 47,016 (27,794) | |
| Breakdown | Pollution prevention costs | 31,404 (47,694) | 64,249 (72,798) | 0 (0) | 0 (0) | 31,404 (47,694) | 64,249 (72,798) | 0 (0) | 0 (0) |
| | Global environmental conservation costs | 249,909 (103,187) | 128,560 (126,131) | 0 (0) | 1,777 (144) | 36,047 (8,301) | 80,380 (98,750) | 213,862 (94,886) | 46,403 (27,237) |
| | Resource recycling costs | 8,442 (3,567) | 89,620 (93,654) | 47 (39) | 796 (713) | 8,395 (3,528) | 88,211 (92,384) | 0 (0) | 613 (557) |
| Upstream and downstream costs | 0 0 | 58 (90) | 0 (0) | 30 (64) | 0 (0) | 28 (26) | 0 (0) | 0 (0) | |
| Management activity costs | 0 (0) | 4,963 (8,449) | 0 (0) | 0 (0) | 0 (0) | 4,963 (8,449) | 0 (0) | 0 (0) | |
| R&D costs | 0 (0) | 0 0 | 0 (0) | 0 (0) | 0 (0) | 0 (0) | 0 (0) | 0 (0) | |
| Social activity costs | 27 (0) | 391 (85) | 0 (0) | 5 (9) | 27 (0) | 386 (76) | 0 (0) | 0 (0) | |
| Environmental damage remediation costs | 886 0 | 14,454 (14,030) | 0 (0) | 13 (12) | 886 (0) | 4,913 (3,799) | 0 (0) | 9,528 (10,219) | |
| Total | 290,668 (154,448) | 302,295 (315,237) | 47 (39) | 2,621 (942) | 76,759 (59,523) | 243,130 (276,282) | 213,862 (94,886) | 56,544 (38,013) | |
| Change (FY2020 – FY2019) | 136,220 | -12,942 | 8 | 1,679 | 17,236 | -33,152 | 118,976 | 18,531 | |

[Costs in business areas]

Environmental conservation costs to reduce the environmental impact of our main business activities in our business areas are classified into the following three categories.

Pollution prevention costs: Costs of initiatives related to pollution prevention

Global environmental conservation costs: Costs for global warming prevention, ozone layer protection, and other global environmental conservation

Resource recycling costs: Includes the cost of reducing and recycling waste, as well as the appropriate disposal costs for industrial waste

Environment

Gain on sale of valuables – Food plants – (Unit: Thousand yen)

| | FY2018 | FY2019 | FY2020 |
|---------------------------|--------|--------|--------|
| Food plants: Gain on sale | 22,106 | 19,439 | 19,247 |

Some wastes and crushed product generated in business activities are profitable as they can be sold as goods with recyclable value. Sorting is an important activity that helps to reduce waste and improve recycling rates, and leads to reductions in expenses and product costs.

Energy costs and business activities (Unit: Thousand yen)

| Energy costs | FY2019 performances | FY2020 performances | Variance (FY2020 – FY2019) |
|--------------|---------------------|---------------------|----------------------------|
| Electricity | 339,723 | 317,403 | 22,320 |
| Heavy oil | 41,754 | 31,782 | 9,972 |
| LPG | 42,385 | 37,891 | 4,494 |
| Gasoline | 1,101 | 690 | 411 |
| Diesel | 1,087 | 657 | 430 |
| Kerosene | 1,817 | 1,602 | 215 |
| Total | 427,867 | 390,025 | 37,842 |

Costs related to resources and business activities (Unit: Thousand yen)

| Cost of resource-saving activities | FY2019 performances | FY2020 performances | Variance (FY2020 – FY2019) |
|------------------------------------|---------------------|---------------------|----------------------------|
| City water | 63,273 | 60,979 | 2,294 |
| OA paper | 852 | 1,104 | (252) |
| Waste disposal consignment | 74,994 | 84,487 | (9,493) |
| Wastewater treatment | 58,577 | 51,904 | 6,673 |
| Use of detergents and fungicides | 33,433 | 33,250 | 183 |
| Total | 231,129 | 231,724 | (595) |

Business activities and environmental impact (FY2020) – Group total –

INPUT

Raw materials*

| | |
|-------------------------------------|----------|
| Primary and secondary raw materials | 42,560 t |
|-------------------------------------|----------|

* Raw materials are actual figures for food plants.

Energy

| | |
|-----------------------|------------------------|
| Purchased electricity | 29,590 Thousand kWh |
| Heavy oil A | 626.0 kl |
| Kerosene | 21.7 kl |
| LPG | 501,200 m ³ |
| Gasoline | 65.8 kl |
| Total energy | 375,270 GJ |
| Crude oil equivalent | 9,682 kl |

Water resources

| | |
|--------------------------|------------------------|
| Water supply | 142,000 m ³ |
| Industrial water | 86,000 m ³ |
| Groundwater (well water) | 142,000 m ³ |
| Total water resources | 370,000 m ³ |

OUTPUT

Emissions to the atmosphere

| | |
|---------------------------|--------------------------|
| CO ₂ emissions | 17,217 t-CO ₂ |
|---------------------------|--------------------------|

Waste

| | |
|--------------|---------|
| Food waste | 2,771 t |
| Other waste* | 3,558 t |
| Total waste | 6,329 t |

*Other waste includes general waste that can be measured at all sites.

Recycling

| | |
|-----------------------|---------|
| Amount recycled | 5,870 t |
| Final disposal amount | 459 t |

Environment

Electricity usage – Group total –

| | Unit | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|------------------------------------|----------------|--------|--------|--------|--------|--------|
| Food plants | Thousand kWh | 15,661 | 17,353 | 18,903 | 19,017 | 19,374 |
| Cold storage sites | Thousand kWh | 12,155 | 12,032 | 11,272 | 9,070 | 8,857 |
| Offices | Thousand kWh | 1,305 | 1,304 | 1,331 | 1,285 | 1,359 |
| Total | Thousand kWh | 29,121 | 30,690 | 31,506 | 29,372 | 29,590 |
| Electricity consumption intensity* | Thousand kWh/t | 0.54 | 0.55 | 0.56 | 0.53 | 0.53 |

*The scope of electricity consumption intensity is only for food plants.

CO₂ emissions – Group total –

| | Unit | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|--------------------------------------|----------------------|--------|--------|--------|--------|--------|
| Food plants | t-CO ₂ | 11,252 | 12,672 | 13,073 | 12,699 | 12,769 |
| Cold storage sites | t-CO ₂ | 6,148 | 5,964 | 5,414 | 4,244 | 3,699 |
| Offices | t-CO ₂ | 895 | 870 | 849 | 817 | 749 |
| Total | t-CO ₂ | 18,295 | 19,506 | 19,336 | 17,760 | 17,217 |
| CO ₂ emissions intensity* | t-CO ₂ /t | 0.39 | 0.40 | 0.39 | 0.36 | 0.35 |

*The scope of CO₂ emissions intensity is only for food plants.

Total energy input

(kl)

| | FY2018 | FY2019 | FY2020 |
|--------------------|--------|--------|--------|
| Office sites | 426 | 382 | 405 |
| Food plant sites | 6,951 | 6,931 | 6,999 |
| Cold storage sites | 2,900 | 2,334 | 2,279 |
| Total | 10,277 | 9,647 | 9,682 |

Energy intensity

(MJ/t)

| | FY2018 | FY2019 | FY2020 |
|--------------------|--------|--------|--------|
| Food plant sites | 7,982 | 7,405 | 7,275 |
| Cold storage sites | 183 | 162 | 156 |

*Total production for food plants, and income tons for cold storage sites

CO₂ emissions from transportation

(t-CO₂)

| | FY2018 | FY2019 | FY2020 |
|---|--------|--------|--------|
| CO ₂ emissions from transportation | 7,541 | 7,929 | 8,130 |

* Uses a deemed value, in accordance with the Ministry of Economy, Trade and Industry's notice "Method of calculating the energy consumption in freight transportation consigned to freight carriers of energy use in such freight transportation"

Fluorocarbon emissions (leakage)

(kg)

| | FY2018 | FY2019 | FY2020 |
|----------------------------------|--------|--------|--------|
| Fluorocarbon emissions (leakage) | 220 | 245 | 116 |

Water consumption – Food plants –

| | Unit | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|-----------------------|-------------------|---------|---------|---------|---------|---------|
| Water usage | m ³ | 299,398 | 325,669 | 346,856 | 355,442 | 355,983 |
| Water usage intensity | m ³ /t | 10.35 | 10.31 | 10.28 | 9.96 | 9.69 |

Environment

Water consumption (by water consumption source; FY2020) – Food plants –

(m³)

| | Kyokuyo Shokuhin (Shiogama) | Kyokuyo Shokuhin (Hachinohe) | Kyokuyo Shokuhin (Hitachinaka) | Kyokuyo Fresh | Kaiyo Foods | Kyokuyo Foods | Kyokuyo Suisan | Kyokuyo Suisan (Souemon Plant) | Total |
|------------------|-----------------------------|------------------------------|--------------------------------|---------------|-------------|---------------|----------------|--------------------------------|---------|
| Water supply | 3,742 | 22,330 | 16,288 | 31,699 | 355 | 56,669 | 417 | 61 | 131,561 |
| Industrial water | 84,505 | – | – | – | – | – | – | – | 84,505 |
| Well water | – | 38,824 | 24,142 | – | 30,425 | – | 31,720 | 14,806 | 139,917 |
| Total | 88,247 | 61,154 | 40,430 | 31,699 | 30,780 | 56,669 | 32,137 | 14,867 | 355,983 |

Drainage destinations

| Kyokuyo Shokuhin (Shiogama) | Kyokuyo Shokuhin (Hachinohe) | Kyokuyo Shokuhin (Hitachinaka) | Kyokuyo Fresh | Kaiyo Foods | Kyokuyo Foods | Kyokuyo Suisan | Kyokuyo Suisan (Souemon Plant) |
|-----------------------------|------------------------------|--------------------------------|---------------|-------------|---------------|----------------|--------------------------------|
| Sewer | River | River | Sewer | Sewer | River | River | River |

Production volume, food waste output and intensity – Food plants –

| | Unit | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|----------------------|------|--------|--------|--------|--------|--------|
| Production | t | 28,937 | 31,577 | 33,751 | 35,687 | 36,726 |
| Food waste output | t | 2,429 | 2,437 | 2,310 | 2,402 | 2,771 |
| Food waste intensity | kg/t | 84 | 77 | 68 | 67 | 75 |

Waste recycling rate – Food plants –

(%)

| | FY2018 | FY2019 | FY2020 |
|----------------------|--------|--------|--------|
| Waste recycling rate | 92.2 | 91.7 | 92.5 |

*All wastes, including food waste

Social

Employee Data

Employees

| | FY | Total | Men | Women |
|---------------------------------------|------|----------------|----------------|----------------|
| Number of employees | 2018 | 664 | 494 | 170 |
| | 2019 | 664 | 500 | 164 |
| | 2020 | 682 | 510 | 172 |
| Average age | 2018 | 39 yrs. 7 mo. | 41 yrs. 6 mo. | 33 yrs. 11 mo. |
| | 2019 | 40 yrs. 2 mo. | 41 yrs. 11 mo. | 35 yrs. 11 mo. |
| | 2020 | 40 yrs. 5 mo. | 42 yrs. 3 mo. | 36 yrs. 1 mo. |
| Length of service | 2018 | 15 yrs. 3 mo. | 17 yrs. 2 mo. | 9 yrs. 8 mo. |
| | 2019 | 15 yrs. 11 mo. | 17 yrs. 7 mo. | 10 yrs. 9 mo. |
| | 2020 | 16 yrs. 1 mo. | 17 yrs. 10 mo. | 10 yrs. 11 mo. |
| Average annual salary (yen) | 2018 | 6,532,634 | - | - |
| | 2019 | 6,971,941 | - | - |
| | 2020 | 6,974,126 | - | - |
| Average number of temporary employees | 2018 | 79 | - | - |
| | 2019 | 75 | - | - |
| | 2020 | 85 | - | - |
| Number of consolidated employees | 2018 | 2,264 | - | - |
| | 2019 | 2,307 | - | - |
| | 2020 | 2,313 | - | - |

Recruitment of new graduates

(Persons)

| | Total | Total college graduates | Male college graduates | Female college graduates | Junior / technical college | High school graduates / Other |
|----------------------|-------|-------------------------|------------------------|--------------------------|----------------------------|-------------------------------|
| Joined in April 2018 | 39 | 39 | 28 | 11 | 0 | 0 |
| Joined in April 2019 | 20 | 20 | 17 | 3 | 0 | 0 |
| Joined in April 2020 | 30 | 30 | 19 | 11 | 0 | 0 |
| Joined in April 2021 | 31 | 31 | 19 | 12 | 0 | 0 |

Mid-career recruitment

(Persons)

| | Total | Total college graduates | Male college graduates | Female college graduates | Other men | Other women |
|-------------------------|-------|-------------------------|------------------------|--------------------------|-----------|-------------|
| April 2018 – March 2019 | 2 | 2 | 1 | 1 | 0 | 0 |
| April 2019 – March 2020 | 4 | 4 | 3 | 1 | 0 | 0 |
| April 2020 – March 2021 | 2 | 1 | 1 | 0 | 0 | 1 |

Employee age distribution (as of March 31, 2021)

(Persons)

| | Total | Men | Women |
|-----------------|-------|-----|-------|
| Under 30 y.o. | 182 | 122 | 60 |
| 30 – 39 y.o. | 158 | 89 | 69 |
| 40 – 49 y.o. | 150 | 119 | 31 |
| 50 – 59 y.o. | 187 | 175 | 12 |
| 60 y.o. or over | 5 | 5 | 0 |
| Total | 682 | 510 | 172 |

* Number of employees hired (not including contract employees)

Status of promotion to managerial positions (as of March 2021)

| | Women | Men | Non-Japanese | Percentage of women |
|---------------------------------------|-------|-----|--------------|---------------------|
| Managers | 26 | 306 | 0 | 7.83% |
| Of which, general managers and higher | 0 | 23 | 0 | 0% |
| Directors | 2 | 13 | 0 | 13.33% |

* "Managers" means supervisors and higher ranks

* "General managers and higher" means branch managers, laboratory directors, and general managers

* "Directors" means the number of Directors of the Board and Supervisory Board Members

Number of employees who left the company (from April 1, 2020 to March 31, 2021)

(Persons)

| | Total | Early | Voluntary | Involuntary | Transfer | Other |
|-------|-------|-------|-----------|-------------|----------|-------|
| Men | 11 | 0 | 8 | 0 | 2 | 1 |
| Women | 2 | 0 | 2 | 0 | 0 | 0 |
| Total | 13 | 0 | 10 | 0 | 2 | 1 |

Number of re-employed employees

(Persons)

| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---------------------------------|--------|--------|--------|--------|--------|
| Number of re-employed employees | 0 | 0 | 0 | 0 | 0 |

Employment of persons with disabilities

(Persons)

| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|--|--------|--------|--------|--------|--------|
| Actual number of people | 6 | 6 | 7 | 9 | 10 |
| Employment rate of persons with disabilities (%) | 1.44 | 1.26 | 1.49 | 1.89 | 1.99 |

* Statutory employment rate: 2.2%

Social

Paid leave

| | Days granted | Days taken | Utilization rate |
|--------|--------------|------------|------------------|
| FY2016 | 10,888 | 4,715 | 43.3% |
| FY2017 | 11,365 | 5,530 | 48.7% |
| FY2018 | 12,040 | 5,686 | 47.2% |
| FY2019 | 12,515 | 6,526.5 | 52.1% |
| FY2020 | 12,976 | 5,995 | 46.2% |

Childbirth and parental leave

| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|--------|--------|--------|--------|--------|
| Number of employees taking maternity leave | 10 | 2 | 10 | 12 | 11 |
| Number of employees taking parental leave | 9 | 5 | 9 | 9 | 11 |
| Of which, number of men | 0 | 1 | 1 | 0 | 2 |
| (Number of employees taking leave of up to one week) | 0 | 0 | 1 | 0 | 2 |
| Rate of employees returning to work from parental leave | 100% | 100% | 89% | 100% | 100% |

* Employees taking maternity and parental leave are counted in the fiscal year in which the leave begins.

Labor union enrollment rate (as of March 31, 2020; Kyokuyo only)

| | FY2018 | FY2019 | FY2020 |
|-----------------------------|--------|--------|--------|
| Labor union enrollment rate | 47.39% | 47.32% | 46.57% |

* Number of labor union members ÷ (number of full-time employees + number of part-time and contract employees)

Number of occupational accidents (Incidents)

| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|--------|--------|--------|--------|--------|
| Number of accidents causing lost worktime | 8 | 7 | 4 | 4 | 4 |

Number of employees taking mental health leave (Persons)

| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|----------------------------------|--------|--------|--------|--------|--------|
| Number of employees taking leave | 1 | 1 | 3 | 0 | 1 |