# Processed food business

#### Overview

We want everything we make to be delicious in every way - but that is not all. We set out to fill meals with joy and make the dining table a fun, lively place to be. Together with our fellow food lovers, will stay focused on our customers' daily lives and address the wide array of issues in the evolving, diversifying world of food and continue to inspire fulfilling moments that enrich life through food.

We are mindful of the environmental impacts of our products and operations, and we make continuous improvements to these wherever possible.

#### Our processed food business value chain\*



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

#### Processed food business sustainability strategy

We operate the processed food business based on our purpose, "Bringing Joy to Meals and Fun to the Table". In 2019, we selected the three focus areas below and set eight specific targets for these focus areas.

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

Sustainability strategy of processed food business



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

**Respecting human rights** 

Investing in people

Improving our social impact

**Environment** 

# Our business operation and sustainability

In the processed food business, we are working to develop and provide high-valueadded products so that everyone can freely enjoy what they want to eat, while staying close to the diversifying values and interests of our customers. As part of this effort,



Brand New 植物由来.Brand New おいしい.

TableMark Co., Ltd. is working to provide authentic and delicious free-from food in the "BEYOND FREE" category, where specific raw materials and ingredients are excluded.

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# Our business operation and♦ Sustainability



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



#### Food safety standards



Our processed food business has 26 factories, which produce a variety of food products, from frozen and ambient foods and seasonings. Eighteen of these factories are located in Japan, and eight are located in China, Indonesia, Thailand, and the U.S. Our products are sold primarily in the Japanese market.

We make sure that all of our factories\* are certified to the global food safety standard FSSC 22000. FSSC 22000 is recognized by the Global Food Safety Initiative (GFSI), the food industry's global body for promoting food safety management. All the factories contracted to manufacture our products are requested to meet food safety standards such as ISO 22000 or FSSC 22000, as an assurance that an adequate food safety management system is in place.

We also work with multiple independent advisors, who have helped to develop our approach to food safety since 2008. Throughout the year, these advisors provide useful information. In 2022, they gave presentations to our employees on industry topics such as food safety, consumer consciousness, and/or the laws and regulations relating to the Food Sanitation Act. These events provided employees with a greater awareness of new developments and important topics in the field of quality control.

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

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

#### Food defense practices

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

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



### Enhancing food quality

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

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

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

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

#### Further food communication



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

We have toll-free numbers on our product labels which consumers can call for extra information. In addition, in order to respond to customer feedback more quickly, TableMark Co., Ltd. is improving the inquiry form on its website year by year.

We seek to provide safe and delicious food for consumers, in the hope that they will choose our products for their loved ones. This principle is not limited to our R&D and manufacturing sites; it applies across all of our operations. We understand the importance of listening to consumers, and

have introduced a new online tool to share consumer feedback with all of our employees. We will continue to embed and reinforce this consumer-centric approach throughout our operations.

### Reducing our environmental impacts

## Biomass co-generation system

As part of our efforts to reduce environmental impacts within our operations, one of the companies within the JT Group, Thai Foods International, built <u>a biomass co-generation system for its Thai factory</u>  $\Box$ , where it manufactures seasonings.

The system, which started its operations in 2020, uses rice husks as an alternative fuel source. This system is expected to significantly reduce purchased electricity usage and the resultant Scope 2 greenhouse gas (GHG) emissions by 6,300 tons per year.

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

# Eco-friendly packaging initiatives

#### Removing the inner film

We have removed the inner film from the packaging of our "Okonomiyaki" range of Japanese savory pancakes. Through this initiative, we have reduced the amount of plastic raw materials we use annually by approximately 31 tons. This change also reduced our CO2 emissions by approximately 145 tons.



Before

After





#### Biomass plastic as a raw material for the packaging

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



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

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