GPS Corporation’s Corporate Brochure

Cultivating Food, Co-Existing with Nature

- Connecting “People and People”, “Food and Farm” -
As a bridge between farm and table.

We want to grow and deliver the foods we ourselves want to eat.

With this desire in our hearts, GPS has continued to deliver safe, reliable fruits, vegetables, and rice, as a buyer on behalf of consumers and as a vendor on behalf of growers.

Engaging sincerely with growers and maintaining a constant dialogue with them, step by step, we have steadily pursued the development of an environmentally friendly business.

And now, in line with the changes in the times and consumer needs, we have embarked on a new food processing business. We are determined to expand people’s choices in what they eat.

For the rebirth of this nation’s agricultural industry, and for the creation of this nation’s future.

We proceed together with you.
The Role of GPS

GPS is a specialist in fresh fruit and vegetables and rice, established in 1992 with the spin-off of the agricultural business division of Palsystem.

Role

GPS was established as a specialist in fruit and vegetables and rice in 1992 with the spin-off of Palsystem’s agricultural business division. By specializing in a business model that has “farm direct” at its core, we are able to work closely with the growing regions that deliver their produce direct to consumers. We handle the development of growing regions, planting schedules, cultivation management, quality control, and distribution, and work with our growers on various initiatives, including a Farm Chemicals Reduction Program, a program for reducing the use of chemical fertilizers and pesticides. With a high degree of specialization, we cultivate relationships with the individual growing regions, and play a major role in the expansion and growth of environmentally-friendly, resources-recycling agriculture.

Mission

1. We will promote the Farm Direct system of the Palsystem Group.
2. We will build safe, reliable food systems.
3. We will promote the food and agriculture policies of the Palsystem Group.
4. We will support cooperation between growers and consumers and between urban and farming communities.
5. We will promote Farm Direct as a buyer on behalf of consumers and as a vendor on behalf of growers.

What is Palsystem?

Palsystem (Palsystem Consumers’ Co-operative Union) is a federation whose members are the members of 10 regional consumer co-operative unions in the Metropolis of Tokyo and ten other prefectures, mainly in the Greater Tokyo Area, and the members of Palsystem Insurance Consumers’ Co-operative Federation. Products are delivered to members once a week on a set day.

Specialist food companies in the Palsystem Group

Butchering of meat, manufacture of ham, sausages, and other processed meats, planning and development of meat products handled by Palsystem

Manufacture of bread handled by Palsystem

Product Delivery Flow

1. Join
2. Catalog delivered
3. Setting Center
4. Shipping Center
5. Member’s Home

Palsystem Consumers’ Co-operative Union
Palsystem Tokyo / Palsystem Kanagawa Yume Co-op / Palsystem Chiba
Palsystem Saitama / Palsystem Ibaraki Tochigi / Palsystem Yamanashi
Palsystem Gunma / Palsystem Fukushima / Palsystem Shizuoka
Niigata Tokimeki Consumer’s Cooperative

Approximately 1,522,000 Members (as of March 31, 2018)
The planting year is divided into two periods. Six months prior to planting, we analyze the previous year’s performance, stock levels, complaints, and other factors, based on which we put together a plan and discuss it with the growing regions. Then, based on planting volumes and shipping schedules, we develop supply plans three months in advance. At that stage, we reflect in those plans the opinions expressed at the monthly local growing region sub-committee meetings, consumer feedback, and other factors. After that, we take growing conditions and general market conditions into account to decide on product specifications and prices.

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### Our Flow from Planning to Delivery

**Safe and Delicious Farm Produce Delivered to Your Table**

#### Fresh Fruit and Vegetables Edition

**STEP 1**

**Planting and Product Planning**

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**STEP 2**

**Harvest and Shipment in the Growing Regions**

We receive up-to-date supply status reports from the growing regions and undertake order allocations. Based on those allocations, the growing regions harvest the crops according to a plan, and sort and inspect the produce. Because the produce is delivered fresh, cold storage facilities are permanently installed in the shipment yards and the produce is shipped in refrigerator trucks.

**STEP 3**

**Product Control and Quality Inspection**

Straight into Cold Storage on Arrival. The cold room is kept at 10C until the setting process starts. On the morning of setting day, the quality inspector checks the quality specifications for each product category and growing region. If there is any spoilage or other problems, all goods from that growing region are checked carefully.

**STEP 4**

**Portioning and Processing**

After inspection, the goods are portioned into quantities that are easy for consumers to use. As well as placing the produce in bags, larger produce such as pumpkin, daikon radish, and cabbage is cut into smaller portions. The portioning process is being increasingly mechanized with the introduction of equipment such as automatic onion portioning machinery, but more quality inspection staff have been employed to ensure strict product screening for produce that is outside of specifications and for quality problems.

**STEP 5**

**Sorting into Members’ Packs**

The portioned goods are then sorted into individual packs at the Palsystem Federation’s Setting Center. Fresh foods and farm produce are all managed and kept in cold storage.

**STEP 6**

**Delivery in Refrigerator Trucks**

The sorted fruits and vegetables are delivered overnight to the distribution centers of the individual co-operatives. Dry goods are delivered at room temperature and all other goods are kept at 10-15C during shipment in refrigerator trucks.

**STEP 7**

**Delivery from Individual Co-operatives to Individual and Group Members**

The farm produce that arrives at the individual co-operatives is placed in cold storage. After that, the goods are delivered from the centers to the consumers.

### Farm Direct Rice Edition

1. Annual supply plan
2. Reserve planting volumes with growing regions
3. Agreement with growing regions on annual volumes and prices at harvest time
4. Inspection of unpolished new rice
5. Shipment from growing regions
6. Rice polishing plant (polishing / bagging)
7. Dry Goods Setting Center
8. Delivery to individuals and groups from individual co-operatives

### Processed Agricultural Products Edition

1. Product planning
2. Confirmation of fruit and vegetable shipment status
3. Product testing of procured ingredient vegetables
4. Product inspection
5. Manufacturing process
6. Shipment
7. Cold storage Setting Center
8. Delivery by refrigerator truck
9. Delivery to individuals and groups from individual co-operatives
Our Products

“We want to use fewer chemical fertilizer and insecticides and help consumers enjoy delicious, safe, and reliable farm produce.”

This determination by growers and initiatives by growing regions can only be made possible with the understanding and sympathy of co-operative members. Through discussions between growers and co-operative members, Palsystem is engaging in a Farm Chemicals Reduction Program and has established its own, proprietary standards, called Core Foods and Eco Challenge. We have worked to expand sustainable, environmentally friendly agriculture. In Japan, with its high temperatures, high humidity and vulnerability to crop damage from insects, many growers have taken on the challenge of cultivation at an extremely high level.

Palsystem’s Farm Direct Policy

Objective of Farm Direct Business

The objective of Palsystem’s Farm Direct business is to contribute to the healthy, secure lifestyles of all stakeholders (which encompasses both consumers and growers), by taking a fresh look at the diverse values that the agricultural industry possesses, placing environmental protection and recycling of resources at the foundation of the industry, and connecting farm and food, to create a rich local community.

Four Principles of Farm Direct

1. The producer and the region are identified.
2. The production method and shipment standards are clear, and the production history is identified.
3. The objective is environmental preservation and recycling-oriented agriculture.
4. Exchange between the producers and co-op members.

Cultivation Standards

Palsystem’s Three Standards for Farm Direct Fruit and Vegetables

1. Core Food
2. Eco-Challenge
3. Other Farm Direct produce besides Core Food and Eco-Challenge

Creating Japanese Agriculture from the Ground Up

In partnership with more than 300 producers’ organizations Japan-wide, through registration with F-Net (our proprietary cultivation management system), we ascertain the status of use of chemical pesticides, fertilizers, and the like on the fresh fruit and vegetables shipped from the farms, so we can deliver fruit and vegetables that consumers can trust. We have also developed a cold chain that extends from appropriate pre-cooling control in the growing regions to refrigerated logistics, sorting (setting) at low temperatures upon receipt of the produce, and final delivery to the consumers. In this way, we ensure traceability and freshness control.

We also actively promote organic certification, partnering with organic certification bodies to hold tree production process manager seminars for our supplier growers. We also recommend Growing Region Self Inspection, based on Good Agricultural Practice (GAP) and conduct inspections of growing regions on an annual initiative basis. With our repacking facilities (bagging and cutting) that have a maximum daily capacity of 300,000 items, we have achieved product specifications that meet the requirements of the final consumers. At our Logistics Center, we have introduced optic-sensor produce screening equipment, allowing us to provide sweetness-guaranteed products, while also detecting internal flaws in the produce. In this way, we continue to strive to deliver delicious produce to members.

In the delivery of fresh fruit and vegetables to consumers, our defining feature is the clearness of our partnerships with the growing regions. We hold monthly local growing region meetings and shipment coordination meetings with the growing regions close to the Greater Tokyo Area, at which we ascertain the overall status of crops, confirm crop volumes, ascertain shipable volumes, and finalize prices. We also hold additional production-specific meetings for the major fruit varieties, such as tangerines and apples. We strive continuously to deliver fresh fruit and vegetables to consumers in a stable manner, transcending the boundaries between production regions. At these meetings, we hold study meetings about the cultivation of the various varieties, and conduct exchanges aimed at reducing the use of chemical pesticides and other ways of improving production technologies.

Protecting the Rice Fields, Protecting the Environment, Protecting Our Food

We handle around 30,000 tonnes of rice on an unpolished rice basis. A feature of our rice business is that more than 50% of that volume is specially cultivated rice. In addition to organically farmed rice, we place efforts into environmentally friendly farming in the rice fields. Our rice fields are supported by our rice reservation registration scheme. Around the time of the rice planting in April, we ask consumers to reserve the rice they will purchase at the time of the autumn harvest that year. We offer a wide range of rice brands for reservation, as well as a enriching supply of organic rice from different regions. We also supply unpolished rice. These annual reservations allow growers to grow their rice with peace of mind.

We transport the milling* of the rice to reliable rice wholesalers, and sign contracts directly with the growing regions. We have more than 30 growing regions across Japan, with whom we conclude annual volume and pricing contracts. We have built up relationships of trust with these growing regions over many years. Although, due to weather conditions, yields are better in some years than in others, these relationships of trust have enabled us to overcome the leaner years. On the premise of these trusting relationships, we have helped growers to cut back on the use of chemical pesticides and fertilizers, allowing us to deliver large quantities of specially cultivated rice and organic rice. Lively exchanges take place between consumers and the growing regions at times such as planting, weeding, and harvesting, and “living creature survey” are also conducted. Consumers gain a real sense of the biodiversity of the rice fields, and the resulting excitement leads to more rice sales.

More familiar, easier to use.

“[Milling = Rice polishing] I only have limited time in which to cook.” “I have a hard time deciding on what to have for meals every day.” With the aim of helping to solve these kinds of problems of daily life, we offer proposals for cooking sets. In October 2017, the company-managed Palsystem Natura Food Processing Center commenced operations. This center has created an environment in which we can develop new products which transcend the boundaries between production regions. At these meetings, we hold study meetings about the cultivation of the various varieties, and conduct exchanges aimed at reducing the use of chemical pesticides and other ways of improving production technologies.

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GPS Initiatives

To promote safe and reliable Farm Direct deliveries and the distribution of environmentally friendly farm produce, GPS staff travels to growing regions throughout Japan and undertakes a range of initiatives.

Planting Events

Due to weather conditions and other factors, the crop conditions of farm produce are different every year. Confirming shipment standards with the growers immediately prior to shipment each year is important for the sake of stable supply. GPS staff travel to the growing regions as often as possible to check on the condition of the fields and the crops. We also value the opportunity to exchange opinions with the growers.

Open Confirmation Sessions

As a mechanism for consumers to check the growing regions with their own eyes, Palsystem has conducted Open Confirmation Sessions since 1999. The role of GPS in these Open Confirmation Sessions includes gathering together the relevant documentation from the growing regions, assisting the growing regions in preparing their presentations, and providing briefings and other support at the training sessions for Beginner and Intermediate Auditors that are held in advance of the Open Confirmation Sessions.

Produce-Specific Meetings

Meetings are held periodically for separate produce categories, such as apples, tangerines, potatoes, and onions, providing a forum for growers from all over Japan to come together and exchange information and technologies.

Seminars

We conduct a variety of seminars by request on a variety of topics, such as products and the Farm Direct business for members, executives, and staff of our member co-operatives, and fertilizers and soil cultivation for our growing regions.

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Every year, we exhibit at product exhibitions, center festivals, and other events held by our member co-operatives. As well as providing tastings and explanations of the merchandize GPS handles, we also introduce the Palsystem Farm Direct business and GPS’s own initiatives.

Support for Obtaining Organic JAS Certification

To promote environmentally friendly agriculture, we actively support growing regions to obtain Organic JAS certification. To alleviate the burden on the growing regions that certification entails, we partner with certification bodies to hold training sessions for Beginner and Intermediate Auditors that are held in advance of the Open Confirmation Sessions.

Other Initiatives

- Sale of fertilizer to Farm Direct growing regions
- Pre-shipment testing of fresh fruit, vegetables and rice
- Optic sensors

Sale of fertilizer to Farm Direct growing regions

As an exclusive service for our Farm Direct growing regions, based on the results of a soil diagnosis, we design and manufacture original fertilizers (ingredients) suited to the growing region.

Pre-shipment testing of fresh fruit, vegetables and rice

Quality testing, radiation testing (Cesium 134, 137), residual agrochemical testing, DNA testing, cadmium testing (rice)

Optic sensors

To ensure the delivery of fruit that is as delicious as the growers have intended as they grew their produce, we have introduced optic-sensor fruit screening equipment, which can measure the sugar content and quality of the fruit.

Other Initiatives

- Rice Field Living Creature Surveys
- Cooperation with various events

Rice Field Living Creature Surveys

Co-operative members and growers join hands to conduct Rice Field Living Creature Surveys, which investigate the kinds of living creatures to be found in the ridges between the rice fields, in the water channels, and in the soil.

Cooperation with various events

We provide support for harvest festivals held by the closer growing regions, and for various events held by Palsystem such as growing region tours.

Promotion of Self-Inspection by Growing Regions

These Self-Inspections by Growing Regions entail internal inspections by the growing regions themselves and self-inspections by the growers, with the objectives of food safety (safety of the people who eat the production), labor safety (safety of the people who work on the farms), and environmental safety (safety of the living environment).

At GPS, we hold briefing sessions to provide support with inspection methods, the preparation of inspection forms, and other tasks, so that each and every grower can conduct inspections with a greater awareness of the importance of these self-inspections.

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