This booklet provides an English translation of the Japanese excerpted version of our Social & Environmental Report 2008. The full-length Japanese version is our official report.
Our Position as a Supplier of Flour

In the face of growing demand for wheat, corn and other grains, their diversion from food to bioethanol, drought, and an influx of speculative funds, it seems that each day brings more news of food prices that are inconveniently high in industrialized countries and simply out of reach in developing nations.

Every national government is actively involved in systems for ensuring the supply of staple foods; in Japan, the government is responsible for ensuring the supply of wheat. As part of this program, the Nisshin Seifun Group regards food supply stability and food safety as two major aspects of our social responsibility in doing business.

Food Stability for the World

Growing demand for grain on the part of emerging economies like China and India lies behind the rising prices of these commodities. Economic development in these nations is most welcome, as it creates a higher standard of living and promotes peace.

As yet undeveloped economies, however, the rising cost of food is having a severe impact. Currently, 850 million people around the world face malnutrition and hunger, and more than 100 million suffer from chronic malnutrition as a direct result of the rapid inflation of grain prices.

In the short term, rapid emergency assistance is needed to save these people. As part of such aid, the Nisshin Seifun Group supports the World Food Programme (WFP). On top of such emergency measures, long-term stability requires that the international community share more of its wisdom and form a support structure to act as a safety net.

The food supply is not something that can suddenly be increased in the event of a deficit. Over the longer term, more scientific and technical support will be necessary to restore damaged farm land in industrializing countries and foster a new generation of farm workers.

Building Mutual Trust with Customers and Continuing to Create Reliable, Safe, Products

During FY2007 the market saw a number of food-related incidences of malpractice, including mislabeling of place of origin. Each such incident places the food industry under greater media scrutiny, but the Nisshin Seifun Group has endeavored to provide reliable, safe food since the Group’s founding in 1900. Our position is that food-related problems directly affect us as Nisshin Seifun employees. At the Nisshin Seifun Group, we strive to enhance quality by asking ourselves, “Can you accurately explain to consumers the work you are doing right now?” Moreover, we believe that a major part of our know-how as a food product enterprise is expressed in the development and sale of new products, but the “continuous creation of reliable and safe products” is even more important.

Ensuring that food is reliable and safe, however, comes at a certain cost. At the Nisshin Seifun Group, we feel it important that our customers understand what actions we are taking to ensure the reliability and safety of our products, and we will be taking steps in future to support our customers in this area.

Japan Aiming to Become an “Environmental Nation”

G8 Hokkaido Toyako Summit in July 2008 aroused growing interest in achieving a low-carbon society. In FY2007, prior to the opening of the summit, the Japanese government settled on a “Strategy for Becoming a Leading Environmental Nation in the 21st Century.” It is time for Japan to take the lead in achieving an environmentally sound type of economic growth that departs from the mass production/mass consumption model, and in demonstrating it to the world.

In February 2006, the Nisshin Seifun Group established and began working towards FY2010 CO₂ emissions reduction targets for each of our Group companies. In FY2008 we also began operating an internal emissions trading system.

In terms of the life cycles of food products, another very important thing we can do is to minimize the amount of energy used by customers while cooking. We are taking a range of steps, including the development of quick-cooking foods, in our endeavor to cut the total CO₂ emissions associated with our products.

Significant results will take time, but I believe that nations, enterprises and individuals working together and taking these kinds of steps will finally cut the amount of CO₂ that is so relentlessly building up in our atmosphere.

An Enterprise That Serves Society

More than half a century ago, Group founder Teiichiro Shoda said that Nisshin Seifun Group employees must never work solely for their personal gain and act as if nothing else mattered.

Today, we look back on our founder’s words on a daily basis as we continue to fulfill our social responsibility as a food products enterprise working in partnership with our employees.
Adopting the Consumer’s Point of View to Ensure Quality

All Nisshin Seifun Group employees practice quality assurance from the consumer’s point of view, to ensure that we only provide reliable, safe, and high-quality products and services to consumers.

Our Stance on Providing Reliable, Safe, and High quality Products

- By developing and offering reliable, safe, and high-quality products and services, we help our customers lead healthy and fruitful lives.

- Since quality assurance from the consumer’s point of view is our number one concern, we use our quality control systems to maximize customer satisfaction.

- The Nisshin Seifun Group seeks to ensure traceability by recording and managing data on raw materials used as well as their manufacture and logistics.

- Rigorous facility hygiene:
  - All facilities follow "5S" hygiene practices. Each has systems in place to keep out insects and small animals, which lead to contamination, and to prevent bacteria and other microbes from growing, while properly maintaining production facilities and equipment to ensure rigorous hygiene.

- Ensuring traceability:
  - In addition to purchasing raw materials that have been proven safe and keeping them free of harmful or poisonous substances, foreign substances and impurities, the Nisshin Seifun Group works to ensure the safety of the products and commodities the Group manufactures, imports and sells. Quality assurance from the consumer’s point of view is our highest priority.

- Constant product and commodity safety control:
  - At every step from research and development to production, storage and distribution, the Nisshin Seifun Group works to ensure the safety of the products and commodities the Group manufactures, imports and sells. Quality assurance from the consumer’s point of view is our highest priority.

- Quality Assurance System:
  - The Nisshin Seifun Group provides quality assurance education to all employees concerned with development, manufacturing, distribution, and sales. During this course, participants find out exactly what customers expect from reliable, safe foods and learn about industrial and governmental trends, relevant regulations, and food safety.

ISO 22000 Implementation

The Nisshin Seifun Group has worked to ensure food safety at the factory level by implementing ISO 9001 (Quality Management), AIB (Consolidated Standards for Food Safety), and HACCP systems.

In November 2005, Nisshin Flour Milling became the first manufacturer in Japan to implement a system for ISO 22000, an international standard for food safety management systems. Twelve factories and the Head Office originally adopted the system at the same time, and since then more Group companies have begun to adopt such systems.

Quality Assurance Audits

We have offered this type of course 166 times since 2003. We additionally educate quality assurance supervisors once a year in the performance of their duties.

Product Recall Systems

The Nisshin Seifun Group has created a product recall system in case of safety concerns. If such a concern did arise, employees would immediately report to top management, and the details of the situation would be confirmed following our “Regulations for Responding to Major Quality Incidents.” The items of concern would be recovered and the cause of the incident investigated, after which the Group would consider recalling affected lots and solutions for preventing further recurrence.

Universal Design Policy

While individual Group companies have worked to incorporate universal design into their containers and packaging in the past, the Group adopted the Nisshin Seifun Group Universal Design Policy in February 2007 with the aim of incorporating universal design under a common Group policy. During development, new products undergo a safety review that determines whether their design follows this policy.

Universal Design Concept

The Nisshin Seifun Group is dedicated to helping consumers live healthy and fruitful lives. As such, we strive to deliver products and information that as many people as possible will find user-friendly and attractive, and we believe products should be delicious, enjoyable, reliable and safe.

Our Basic Position

The Nisshin Seifun Group is constantly striving to maximize customer satisfaction by understanding the needs and wants of individuals and businesses, and by using our position of trustworthiness to offer reliable, safe, and high-quality products and services.
Environmental Management

In line with our Environmental Basic Policy, we aim to conduct free and vigorous corporate activities that protect the environment on a global scale.

Position on Protecting the Global Environment

Revised Environmental Basic Policy aims to step up Group environmental management

In April 1999 we established the Nisshin Seifun Group Environmental Basic Policy to embody our specific concept of environmental management. In FY2007, in light of changes in the global environment and social factors such as the roll-out of international measures to prevent global warming, we revised the policy to ensure it enabled stronger environmental management.

Nisshin Seifun Group Environmental Basic Policy

- **Concept**: As it is a matter of human survival and development, protecting the global environment is a matter of concern to society at large, and a critical management issue for enterprises doing business within society.
- **Action Directives**: 1. When developing new products and developing and designing production and facility technologies, give full consideration to the environment at every stage, including raw materials procurement, production, sales, and disposal.
2. Comply with domestic and foreign environmental laws and regulations and the Corporate Code of Conduct, and cooperate with the environmental policies of government authorities, international organizations and other bodies.
3. During business activities, mitigate environmental harm by conserving resources and energy, reducing waste and practicing recycling, and working to prevent air, water and soil pollution.
4. Improve the workplace environment and raise employee awareness by providing information and training on environmental protection.
5. Disclose full information in the event of an environmental problem resulting form our business activities, and take appropriate measures to minimize any resulting environmental harm.
6. As a member of the local community, participate actively in local environmental protection initiatives and help local people to lead safer, more abundant lives.
7. When developing business overseas, strive to be recognized as a member of the local community by paying full attention to protecting the local environment and responding to local needs.
8. Continuously improve environmental protections by setting environmental targets and periodically revising them. Additionally, perform environmental audits to confirm that improvements are being implemented.

Environmental Management System

We have designed our environmental management system in line with our business organization to ensure a rapid response to management decisions. The Director for Environmental Affairs reports the results to other members of the management at the Group Management Meeting and consults on the Group’s overall targets and plans. This Director chairs the Environmental Protection Promotion Committee, which debates and establishes policies on Group-wide initiatives and works through each Group company’s Environmental Management Committee, chaired by the environmental management supervisor of each company, to ensure that these policies reach the entire Group. We have additionally founded an Environmental Communication Council to help affiliated companies maintain better dialogue with Group companies.

Internal Environmental Audits

Professional auditors from our Environmental Management Office conduct internal audits that confirm legal compliance and progress toward achieving targets. Operations audits also include environmental audits from a management perspective. One major concern pointed out in the FY2007 audits was the risk associated with industrial waste.

Future Targets

To advance the PDCA cycle (PDCA = Plan, Do, Check, Act) for environmental initiatives, we earned certification for 11 companies in Japan under the ISO 14001 international standard in September 2008. This covers not just their manufacturing plants but also head offices and sales departments. We are further expanding the scope of our environmental initiatives, for example through the group certification of the NBC Group.

Environmental Law Compliance/Environmental Accidents or Problems

Guided by the Environmental Basic Policy, we have established our Voluntary Action Plan for Environmental Protection, while each Group company sets yearly plans and acts accordingly.

ISO 14001 Certification Results

Below is the table for Group Environmental Audit Results.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of companies covered</td>
<td>14</td>
<td>21</td>
<td>13</td>
</tr>
<tr>
<td>No. of sites covered</td>
<td>36</td>
<td>39</td>
<td>29</td>
</tr>
<tr>
<td>Environmental audits</td>
<td>64</td>
<td>55</td>
<td>32</td>
</tr>
<tr>
<td>Audit results</td>
<td>20</td>
<td>45</td>
<td>17</td>
</tr>
</tbody>
</table>

ISO 14001 Certification Results

- **August 2000**: Nisshin Foods Tateyama Plant
- **September 2000**: Nisshin Seifun Group Kariyuzaka Research Laboratories/Flour Milling Tsukuba Research Institute (same at the time)
- **June 2002**: Nisshin Seifun Group Tsurumi Office/Flour Milling Chiba Plant/Flour Milling Ichihara Plant/Flour Milling Nagoya Plant
- **March 2003**: Nisshin Seifun Group Tokyo Office
- **August 2003**: Nisshin Seifun Group Nisshin Plant
- **January 2004**: Nisshin Seifun Group Nisshin Plant
- **August 2004**: Nisshin Seifun Group Higashi-Osaka Office
- **November 2004**: Nisshin Seifun Group Nisshin Plant
- **December 2004**: Nisshin Seifun Group Fukuoka Office
- **March 2006**: Nisshin Seifun Group Nagoya Office
- **March 2006**: Nisshin Seifun Group Higashi-Osaka Office
- **March 2006**: Nisshin Seifun Group Fukuoka Office
- **March 2006**: Nisshin Seifun Group Fukuoka Office
- **March 2006**: Nisshin Seifun Group Fukuoka Office
- **March 2006**: Nisshin Seifun Group Fukuoka Office

The Nisshin Seifun Group did not violate any environmental laws in FY2007. We will continue to comply with Japanese and foreign environmental laws and the Corporate Code of Conduct. A plant neighbor complained of excess noise in one case. The Group investigated the cause and took necessary measures to solve the problem.

Developing an Environmental Mindset

The Group’s technical training program includes a course on environmental protection and ISO 14001-based environmental training to enhance employee awareness of global environmental protection.

In FY2007 we offered a workshop-style event called the “Eco-Nation Game” for technical employees to deepen their awareness of the “balance between the environment and the economy and of how emissions trading systems work.”

Visit the following page for more information on the Eco-Nation Game:

http://www.fuluhashi.jp/
The emissions coefficient was calculated based on the Ministry of the Environment’s Voluntary Domestic Emissions Trading System Stage 1 Operating Rules Ver. 1 (February 2005) and Stage 4 Operating Rules Ver. 1 (February 2006). Emissions associated with electricity use in overseas plants were calculated by using the coefficient of the Japan Electrical Manufacturers’ Association (JEMA). CO₂ emissions associated with product shipping for known shippers under the Energy Conservation Law (Nisshin Flour Milling Inc., Nisshin Foods Inc. and Oriental Yeast Co., Ltd.) results are calculated from ton-km data. For other companies and offices, results are calculated using the coefficient of the Japan Industrial Emissions Reporting Guidelines 2007. The data reporting period is April 2007–March 2008. Data were calculated and are reported based on Environmental Reporting Guidelines 2007.

Material Balance (FY2007)
The Nisshin Seifun Group is continuously compiling data which we use as the basis for our environmental action targets.

**INPUT**

<table>
<thead>
<tr>
<th>Energy usage</th>
<th>4,210 TJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fossil fuels</td>
<td>881 TJ</td>
</tr>
<tr>
<td>Electricity</td>
<td>3,329 TJ</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Materials</th>
<th>4,979,000 t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat, other grains, starch, saccharides, agricultural products, marine products, seasonings, spices</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Water consumption</th>
<th>3,085,000 m³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tap water</td>
<td>27%</td>
</tr>
<tr>
<td>Industrial water</td>
<td>55%</td>
</tr>
<tr>
<td>Well water</td>
<td>18%</td>
</tr>
</tbody>
</table>

**OUTPUT**

Nisshin Seifun Group

Scope: 41 production plants and 14 offices of Nisshin Seifun Group Inc. and its 39 consolidated subsidiaries

<table>
<thead>
<tr>
<th>Total production and sales</th>
<th>4,936,000 t</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;Product logistics&gt;</td>
<td></td>
</tr>
<tr>
<td>Atmospheric exhaust</td>
<td></td>
</tr>
<tr>
<td>CO₂</td>
<td>194,000 t</td>
</tr>
<tr>
<td>NOx</td>
<td>59 t</td>
</tr>
<tr>
<td>SO₂</td>
<td>41 t</td>
</tr>
<tr>
<td>Waste materials</td>
<td></td>
</tr>
<tr>
<td>Chemicals</td>
<td></td>
</tr>
<tr>
<td>Amount released</td>
<td>2.2 t</td>
</tr>
<tr>
<td>Amount transferred</td>
<td>9.5 t</td>
</tr>
<tr>
<td>Liquid effluent</td>
<td>1,893,000 m³</td>
</tr>
</tbody>
</table>

Data reporting period and calculation

The data reporting period is April 2007–March 2008. Data were calculated and are reported based on Environmental Reporting Guidelines 2007.

**Medium-term Environmental Targets**

<table>
<thead>
<tr>
<th>Items implemented</th>
<th>Medium-term environmental targets</th>
<th>Page(s) in report</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental Management System</strong></td>
<td>By FY2008, achieve ISO 14001 group certification at 29 sites.</td>
<td>p5–6</td>
</tr>
<tr>
<td><strong>Global Warming Prevention</strong></td>
<td>Achieve 8.6% reduction in total CO₂ emissions in FY2010 (vs. FY1990).</td>
<td>p9–10</td>
</tr>
<tr>
<td></td>
<td>Operate an emissions trading system within the Group.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Respond to shipper’s obligations under revised Energy Conservation Law.</td>
<td></td>
</tr>
<tr>
<td><strong>Zero Emissions</strong></td>
<td>Reduce the volume of emissions undergoing final disposal by 98% by FY2010 (vs. FY1990).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Limit amount of resource from wasted food under the Food Recycling Law and promote reuse.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Work to reduce weight of containers and packaging by following the Container and Packaging Control Plan.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Properly manage and reduce stocks of CFCs used in refrigerators and freezers.</td>
<td></td>
</tr>
<tr>
<td><strong>Environmental Risk Prevention</strong></td>
<td>Reduce environmental risks, such as water pollution, illegal dumping and offensive odors, including risks in the supply chain.</td>
<td>p5–6</td>
</tr>
<tr>
<td></td>
<td>Conduct risk assessments and set countermeasures within the Group.</td>
<td></td>
</tr>
<tr>
<td><strong>Environmental Communication</strong></td>
<td>Appropriately publicize our environmental philosophy, vision, targets and results in the Social &amp; Environmental Report.</td>
<td>p8</td>
</tr>
<tr>
<td></td>
<td>Encourage employee participation and cooperation in local environmental protection initiatives.</td>
<td></td>
</tr>
<tr>
<td><strong>Products and Services</strong></td>
<td>Develop and supply products and services that are environmentally friendly and otherwise attractive.</td>
<td>p5–6</td>
</tr>
</tbody>
</table>

**Chemical Management**

Because our major raw materials are agricultural products, Nisshin Seifun Group products run less risk of chemical pollution from their raw materials than is the case in other industries, but our research labs and mesh cloth business control the chemicals they use in keeping with the PRTR Law. The chemicals governed by the PRTR Law that we report on here are those handled by Nisshin Pharma Inc, Oriental Yeast Co., Ltd, and NBC Inc.

**Chemical Reporting under PRTR system**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Substance covered</td>
<td>9</td>
<td>11</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>Amount released</td>
<td>12.4</td>
<td>2.3</td>
<td>2.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Amount transferred</td>
<td>23.1</td>
<td>31.4</td>
<td>21.1</td>
<td>9.5</td>
</tr>
</tbody>
</table>

**Noise**

The mills, blowers and compressors used in flour milling plants of the Nisshin Seifun Group generate noise during their operation. We are striving to reduce this noise, for example by taking appropriate soundproofing measures.

**PCBs (Polychlorinated Biphenyls)**

Transformers and capacitors containing high concentrations of PCBs are removed from work places after they have been used and are then locked in leak-proof containers for storage and management. Each year, the status and number of these devices are reported to the local prefecture. In FY2006 we finished a contract with Japan Environmental Safety Corporation for the processing of all PCB-containing equipment in storage.

**Soil Pollution Measures**

The Nisshin Seifun Group surveys all land used for production activities, even if that land is being sold or used for a new purpose, to ensure there are no pollution problems.
Global Warming Prevention
Preventing global warming is a personal issue for Nisshin Seifun Group employees.

Our Position on Preventing Global Warming

The Nisshin Seifun Group would not be able to carry on its core business in flour milling and food products without the bounty of the land. It is our belief that preventing global warming caused by greenhouse gas emissions is a critical management issue because this warming may have a severe impact on the earth's harvests. The Nisshin Seifun Group endorses the principles of the Kyoto Protocol and has committed itself to help meet the targets outlined in that agreement. Through our business activities, we strive first and foremost to achieve such goals as reducing CO2 emissions, and we use the Kyoto Mechanisms to make up for any shortfalls. We additionally educate consumers on how they can make life and work more eco-friendly through everyday food products.

Target
We will reduce the Group's total CO2 emissions by 8.6% by FY2010 compared with the benchmark year of 1990. The Group has changed the way it measures its targets, from speaking in terms of "emissions intensity" to using total emissions. We have adopted the reduction targets deemed necessary for the industry sector under the Kyoto Protocol Target Achievement Plan (July 2003).

- Towards transportation with lower CO2 emissions
  In our logistics department, we aim to reduce our emissions intensity by 1% each year during the four-year span of FY2006-FY2010. (January 2007)

Basic Policy
- A Life Cycle View of Products and Services
  Reduce CO2 emissions at all stages, from raw materials procurement to production, packaging, sales, logistics, and disposal.
- Use of Kyoto Mechanisms
  While keeping reduction of greenhouse gas emissions through our business activities a priority, strive both to protect the environment and advance business activities by combining these efforts with the use of the Kyoto Mechanisms, etc.
- Participation and Cooperation by All Employees
  Each person shall understand the prevention of global warming as a personal issue and use his/her position to play an active role.
- Management of Total Greenhouse Gas Emissions
  Our greenhouse gas emissions measures apply to the Nisshin Seifun Group Inc. and 39 consolidated subsidiaries in Japan and abroad.
- Establishing Action Plans and Implementing Them Consistently
  Each Group company sets yearly and mid-range targets and an action plan based on the Group’s reduction targets. These shall be evaluated and revised annually from now on.

Future Targets
We will continue taking measures to cut CO2 emissions as we seek to achieve our goal for FY2010, and will evaluate product life cycle CO2 emissions (LC-CO2), putting this data to use in product development.

FY2007 Initiatives
We have endeavored to reduce CO2 emissions across our entire range of products and services.

FY2006 CO2 Emissions Reduction Results
CO2 emissions for the entire Nisshin Seifun Group amounted to 194,000 tons, which was a reduction of 2.4% from the benchmark year of FY1990 and met our target for FY2007.

New Cogeneration System at Pasta Plant
During FY2007, the Utsunomiya Plant of pasta maker Ma-Ma-Macaroni installed and began using a large-scale gas cogeneration system, which provides both heat and electricity. When manufacturing a frozen pasta product, the water used to boil dry pasta is heated to 100°C. The new cogeneration system’s excess heat is used to warm the water to 80°C, while electricity purchased from an electric power company is used for the final 20°C. This system reduces CO2 emissions by 20%.

Group Internal Emissions Trading System
The Nisshin Seifun Group launched Japan’s first corporate internal trading system in April 2008.

Environment Month
June is designated as Environment Month each year at the Nisshin Seifun Group to emulate the Ministry of the Environment’s month of the same name. In FY2007, the Group participated in the Lights Down Campaign (to turn off building and sign lights) and 65 business sites belonging to 21 Group companies joined the efforts known as Cool Biz (encouraging the wearing of lighter clothing in warm seasons) and EcoDrive (developing energy-conserving driving habits). Forty-two business sites took part in Black Illumination 2007 (another event to turn off lights), saving 880 kWh, or three times the savings of the year before.