

Delivering Good Health and Reliability



日清製粉グループ

Link People, Link Tomorrow

Nisshin Seifun Group
Social & Environmental Report

2010

Summary Version

This booklet provides summary in English as translation of our official "Social & Environmental Report 2010" in Japanese.



Flexible Changes, Uncha



President Murakami with Konyara, our advertising character celebrating the Nisshin Seifun Group's 110th anniversary

Nisshin Seifun Group Inc.
Representative Director
President

Ippei Murakami

村上 一平

Marking 110 Years of Business

The Nisshin Seifun Group marked the 110th anniversary of its founding in 2010. During this long history, we have witnessed World War II, the subsequent years of high economic growth, and other major changes in society. Along the way, we have developed our business optimally for example, we made the transition to a pure holding company as the first in the food products industry in Japan.

We fully respect the heritage of task built before us that we have been transmitted to next generation. And we also respect our brave innovation in our products, in organization and in our business stewardship respond to the times change.

That is best characterizing our group's DNA and which we have inherited and carry into the future. I believe that is the reason of the Nisshin Seifun Group existence more than a hundred years.

To be a company that meets the needs of the times, all managers and employees in our group intends to encourage integration of our business with clear vision and creative solution to achieve our further growth in the future.

Enhancing Consumer Trust

As a business primarily involved in food products, the Nisshin Seifun Group values consumer trust and product safety above all else.

Recently consumers focus confidence and safety on food more than ever. We encourage our production process to meet their expectations with updated equipments and very strict inspection systems. We also ensure to provide clear information such as ingredients and freshness dates on our products appropriately.

Ungeable Trust



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In 2009 we established a section as Consumer Relationship Office to understand more about society's expectations for our group, and the greater need for communicating about our business in a clear and transparent manner.

Regarding the meaning of our consumer trust, we feel it is our duty to ensure reliable supply of our products in all time, even in a disaster. Since Japan is located in volcanic archipelago, we encourage our operations to install seismically protection and address to minimize damage.

Protecting the global environment

The protecting global environment is a major concern to people throughout the world. Benefit of my boy scouts practices such as preparing own food in the field and getting clean water in the rain, I learned about my first awareness of environment. Nature shows us how we human are limited and small abilities before it's harmonious picture.

We should know that we are living close contact with environment surrounding every living thing. In other words, it is important to recognize that we can be satisfied with the things that we own have, among each people, company and society with a deep sense of humility. This idea is also closely connected to biodiversity conservation, which has come to the forefront of recent environmental interests.

As a Member of Society

Lifestyle in abundance sometimes might be uneasy in harmony with environment. We Nisshin Seifun Group is deeply committed to minimizing our impact on the environment and conducting business as a member of

society. As a measure progress on group collaborative efforts, we met two environmental targets a year ahead of schedule: reducing total CO₂ emissions by 8.6% and reducing waste sent to landfill by 98% compared to FY1990 levels.

We firmly believe that our business stewardship will be with our employees, customers, consumers, and business partners, national and local authorities and in our various stakeholders and relationships as a member of society.



Preparing for Disaster

Prevention

Minimizing Impact to Consumer

Food is not only essential for human life, and it is also the basics of healthy living. The Nisshin Seifun Group is taking steps to ensure minimal impact to consumer in case of disaster, even if there were some damaged our own resources.

We commit to secure food supply with establishing control systems and improving equipment for stable product supplies.

Minimizing the Impact of Major Earthquake

The Higashi-Nada and Kobe plants of Nisshin Flour Milling were devastated by the Great Hanshin Earthquake of 1995. The Kobe Plant is now closed.

The earthquake caused ground liquefaction and collapsed revetment, unloaders and pile foundation of silo.

Learning from this experience, Tsurumi plant is the largest flour milling plant in Japan (a capacity of 2,150 tons/day) is ready to keep on supplying our product in case of a major earthquake.

Seismic Isolation Systems for Grain Unloaders

The Tsurumi Plant has the private grain terminal to discharge wheat from ships and the world first unloaders equipped with the seismic isolation systems are installed.

Against Ground Liquefaction

Concerning damage caused from ground liquefaction by earthquake, we adopt grouting to stabilize the foundation of grain terminal.



Left: Unloaders discharge 600,000 tons of wheat in annual capacity to storage silos from ships.
Right: The seismic isolation systems

Infection Prevention

The Nisshin Seifun Group established "Group Infection Prevention Manual" in November 2008, include setting up an emergency task force. The swine flu outbreak in 2009, we took various infection preventions immediately such as instruction employees to wear mask, a thermometry screening at entrance of company buildings, and limitation of business travel and alarm for go abroad.

Distribution of Influenza Prevention Kits (FY 2008)

Employees and their families were provided prevention kits including mask and antibacterial soap with information leaflet against infection.

From the day of establishment in 1900, we Nisshin Seifun Group has taken a major role in a stable supply of flour and processed foods. Having the largest storage silos and flour milling facilities in Japan, we understand that our mission is to ensure providing foods to our customers, consumers, and society.



Disaster Countermeasures



Prompt responses to disasters

Our Business Continuity Plan (BCP)

To mitigate the impact of disaster or outbreak of a new influenza Nisshin Seifun Group set out the Business Continuity Plan (BCP).

We ensure to sustain fundamental food supply with our social responsibility.

Prepare for Major Earthquake

In January 1996 we had reviewed our internal standard for disaster prevention and established a "Major Earthquake Damage Prevention

Manual" and "Earthquake Disaster Control Manual for Business Site." We also strengthened our recovery system.

Satellite Phone System

At the time of disaster, communications over telephone line or mobile phone might be overloaded and interrupted for difficulties.

We installed satellite phone system to secure connection between head office and Group companies.



Emergency Kit Reached Over All Employees

All employees are provided an emergency kit including survival food individually. Company expects to raise employee's awareness of disaster prevention through keeping their own kit in mind.



Our Daily Improvements Originated

● Oriental Yeast Co., Ltd.

CO₂ Reduction by Emulsion Fuels

Recently Oriental Yeast achieved 20% of CO₂ emissions reduction by switching the fuel of the boiler into an emulsion fuel that adds water and surfactant and heavy oil.



We ensure a good look at our site and ask ourselves what we can do then the solution comes to us.



▶ Oriental Yeast Co., Ltd. CSR activities (Japanese only) <http://www.oyc.co.jp/csr/>

● Nisshin Flour Milling Inc.

Efficient Electricity Use by Reduction of Failure

Tsurumi Plant has reduced trouble on production line and electrical usage per unit production through their small-group activities and information exchange meetings.

We talk about things we noticed on the job day to day, which help us to find ways to prevent system failures.



Initiatives to Prevent Global Warming



● Initio Foods Inc.

Saving Energy with Dry Mist

Refrigerators and freezers are an essential part of the frozen pasta production, and their overload caused in summer has been a large issue.



We installed an efficient dry mist system, which makes cool down by vaporization heat with a fine water mist.

It is very practical application of water properties to cool down, though the principle is simple itself.

While it is a small effort, it reduces power and water use and can cut CO₂ emissions.



▶ Initio Foods Inc. <http://www.initio.co.jp/>

From On-Site

● Nisshin Flour Milling Inc.

Reducing Waste by Preventing Torn Bags

We produce 25-kg bags of flour for commercial use. One small error during handling can damage a bag and cause the product to be discarded. The Chita Plant is working to reduce plant-derived waste by preventing bag tearing.



Our workplace is working as a team to analyze why bags tear and take countermeasures so we can reduce plant-derived waste from this source. Carefully handling the products we supply to customers is also an environmental initiative.



● Nisshin Foods Inc.

Challenges of reducing wastes at sales section

Sometimes food products to eat might be discarded for different reason from its quality such as a tiny stain on package. It is also related with concern about increasing food disposal.

I've been working here

sales section for two years and I often used to feel "Mottainai (so wasteful in Japanese)" about that.

Now we have a renewable application of them as animal feed, compost, etc., to meet the challenges of reducing wastes.



Waste Reduction Initiatives

WASTE

● Daisen Ham Co., Ltd.

Cutting Waste by Modifying Filling Machine Pipes

We reduce 7% of food product waste over the previous year by reducing pipe width and length. We have also simplified cleaning by using packing-less pipe, which lowers the risk of foreign matter in our products.



After about a year of trial and error and examining between site supervisors and design staff, we were able to come up with work efficiencies. Some things can't attain alone, we can do it with teamwork.



▶ Daisen Ham Co., Ltd. <http://www.daisenham.com/>

Working for the Global Environment

Environmental Management



Our information is available on our website;
<http://www.nisshin.com/english/>

Nisshin Seifun Group Environmental Policy

[Concept]

Protecting the global environment is an issue of concern to all society so that humankind can live and develop. Nisshin Seifun Group doing business as a member of society must deal with this as their most important management issue. Our mission "contributing to a healthy and fruitful life for all" which is founded on the guiding philosophies of "the basis of business is built on trust" and to be "meet the need of the times." We are deeply aware that our business is a member of world society, and we aim to protect the environment on a global scale as we engage in free and vital on our business.

[Code of Conduct]

- Fully considerations the environment at all our activities
- Compliance with environmental laws and regulations
- Reducing our environmental impact on air, water and soil
- Provide information and education to relating to environmental protection to our employee
- Disclosing information appropriately
- Involvement in local environmental protection initiatives
- Fully consider protection of the local environment at overseas businesses
- Consistent improvement by setting targets and reviewing on environmental issues



[Our concept] We aim to protect the environment on a global scale as we engage in free and vital business.

Group Environmental Management System

Under the Nisshin Seifun Group Inc. Director for Environmental Issues, is a chair of the Environmental Protection Committee, consisting of members from our group companies and Environmental Management Group in our Engineering Division is a secretariat to enhance environmental management and identify issues. Each operating company appoints an Environmental Manager and organizes their Environmental Management Committee to pursue environmental protection at its head office and plant.

○ Strengthening Group-wide Environmental Management

At first, each main plant built its own environmental management system in accordance with ISO 14001 due to their different environmental conditions.

In September 2008, we integrated the system to cover research labs, marketing centers and other offices and obtained a group-wide ISO 14001 certification.

○ Group-wide Internal Audit

Environmental activities have been evaluated for level of achievement following each business site's their action plan,

which is based on goals and targets of the entire Group. We have also checked the progress, including compliance with laws and regulations by our internal environmental audits.

The Environmental Protection Committee performs management reviews on all business sites and on the Group overall.

Scope of Group certification

Japanese production plants, silos, research labs and head office and local office sales departments and other departments at Nisshin Seifun Group Inc. / Nisshin Flour Milling Inc. / Nisshin Foods Inc. / Nisshin Pet Food Inc. / Nisshin Pharma Inc. / Nisshin Engineering Inc. / Nisshin Associates Inc. / Nisshin Grain Silo Inc. / Hanshin Silo Co., Ltd. / Ma•Ma-Macaroni Co., Ltd. / Daisen Ham Co., Ltd.

Nisshin Seifun Group Environmental Management System



[Our Concept] Recognizing that our business activities affect the entire planet's environment and that protecting the global environment is essential for an enterprise's survival and activity, we work voluntarily and proactively to protect the environment in keeping with the Nisshin Seifun Group Basic Environmental Policy, including initiatives to reduce waste and CO₂ emissions and to effectively use resources and energy.

Environmental Audits

Specialist auditors from the Nisshin Seifun Group Inc. Environmental Management Office conduct environmental audits based on the Group's own stringent standards, checking environmental law compliance and target achievement and reporting to top management.

Group environmental audit record

	Operating companies doing audits	Business sites doing audits	Audit results	
			Improvement orders	Improvement recommendations
FY2005	13	29	55	45
FY2006	9	29	32	17
FY2007	8	30	20	22
FY2008	13	31	15	10
FY2009	11	27	6	2

Compliance with Environmental Laws

We had no legal or regulatory violations in FY2009.

Environmental Accidents and Troubles

In FY2009, there was one case of a neighbor complaint about the noise from dismantling work. Our investigation determined the cause of the noise, and necessary countermeasures were taken.

Material Balance

INPUT

Total energy used

3,947TJ

Fossil fuels 897TJ
Electricity 3,050TJ

Total materials used

4,982,000 t

Wheat, other grains, starch, saccharides, agricultural products, marine products, seasonings, spices

Water consumption

3,393,000 m³

Tap water 33%
Industrial water 36%
Groundwater 31%

Data reporting period and calculation



The data reporting period is from April 2009–March 2010. Data were calculated and are reported based on Environmental Reporting Guidelines 2007.

OUTPUT

Nisshin Seifun Group



[Scope] Nisshin Seifun Group Inc. and consolidated subsidiaries (47 production plants and 16 offices of 39 companies)

Total production and sales

4,927,000 t



Amount of Emissions

CO₂ 182,000 t
NO_x 52 t
SO_x 28 t

Total waste materials

54,191 t

(Final disposal volume: 3,842 t)
Food product wastes 10,114 t
(Recycling rate 85.9%)

Total liquid effluent 1,717,000 m³ BOD burden 66 t



<Transportation> Amount of Emissions

CO₂ 93,968 t
NO_x 143 t
SO_x 9 t

Chemicals

Handled 7.6 t
Emissions 0.4 t
Transferred 6.4 t



PRTR data

Chemicals	FY	(tons)				
		2005	2006	2007	2008	2009
Covered substances		11	11	6	7	6
Emissions		2.4	2.4	2.2	2.8	0.4
Transferred		31.4	21.1	9.5	12.9	6.4

[Boundary] Three companies that handle chemicals: Nisshin Pharma Inc., Oriental Yeast Co., Ltd. and NBC Meshtec Inc.

<Customers> Weight of containers and packaging

6,300 t

Climate Protection

[Our concept] We encourage mitigating global warming as our own awareness.

Group Targets and Policy



CO₂ Emissions Reductions in FY2009

○ We attained the Targets on CO₂ emissions reduction

Total CO₂ emissions from the Nisshin Seifun Group were 182,000 tons in FY2009.

It means that we succeeded to attain our final CO₂ emissions reduction target a year early. By improving production efficiency, converting boiler fuel from oil to natural gas and other efforts, we reduced our emissions 8.8% from FY1990 level.

FY2010 is the final year in our target period, and we continue to approach toward our further progress.

CO₂ Emissions from Transportation



Our Group Emissions Trading System

The Nisshin Seifun Group has been trading emissions internally since April 2008.

In FY2009, the Group as a whole had 7,500 tons of emissions more than our standard emissions.

○ Purchase of Kyoto Credits

We have concluded a contract to purchase emissions credits from CDM projects to ensure that we meet our Group CO₂ reduction.

Activities at Overseas sites



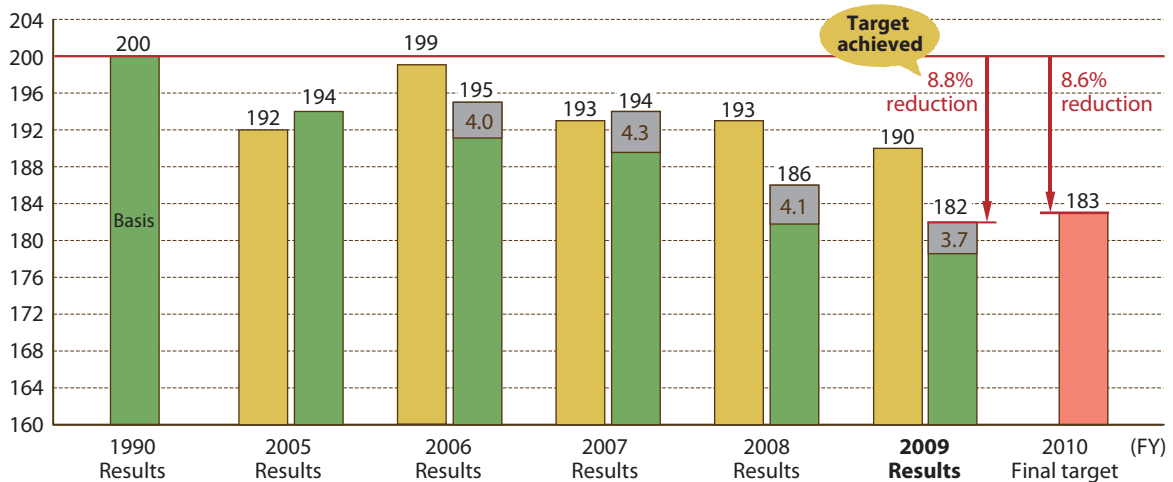
Thai Nisshin Seifun is using steam generated from the waste heat in incineration plant as a part of local project.



The steam is applied for mixing and boiling processes with heat.

Trend of CO₂ emissions (excluding transportation and delivery)

(1,000 t-CO₂/year) ■ Plan ■ Results ■ Affected by grid power efficiency



➔ See “Feature 2: Our Daily Improvements Originated From On-site” (pages 5-6) for initiatives of individual operating companies.

Waste Reduction and Resource Recycling

[Our concept] We will endeavor to reduce solid waste, liquid effluent and other emissions caused by our business activities.

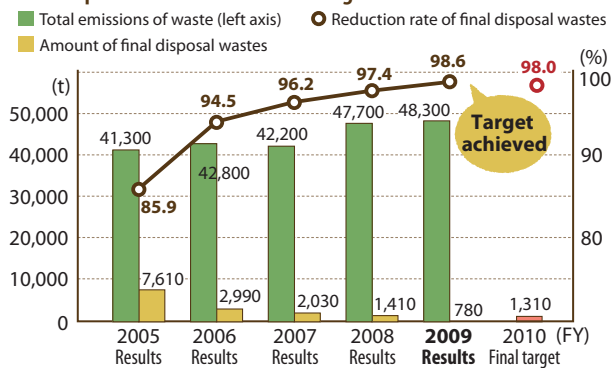
Basic Policy on Group Targets



FY2009 Waste Reduction

Total emissions of waste in FY2009 were 48,300 tons, it was increased from FY 2008 by changing on production method for quality improvement. Our proactive efforts to recover resources and byproducts to animal feed, composting and other application caused to reduce the total amount of final disposal wastes as 780 tons, far lower than in FY2008 and 98.6% below FY1990, thereby meeting our target.

Final disposal wastes results and target



* Reduction ratio of landfill = $(1 - \text{Amount of landfill of the year} / \text{Amount of landfill in FY1990}) \times 100$

* Excludes overseas sites and Initio Foods Inc.

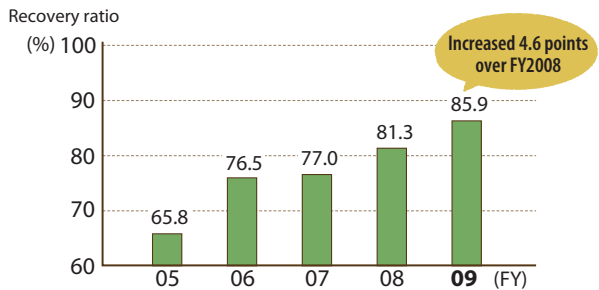
Recovery resources and byproducts from production

The recovery ratio of resources and byproducts from production improved from 81.3% in FY2008 to 85.9% in FY2009.

Bran is the one of main byproduct of white flour and good to use as animal feed.

Since we have already achieved high recovery level ratio of 99%, we exclude these byproducts from our food resources recovery ratio to make visible our progress.

Trend of recovered resources ratio



Material flow during products, byproducts, recovery resources and disposal wastes

Water Consumption and the impact of discharged water



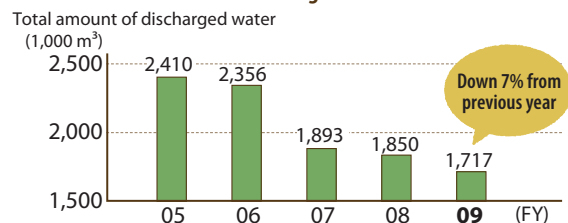
We meet the water needs of our production processes with a combination of tap, industrial and groundwater, depending on application.

As a result of our various approach to reduce water consumption in our group range production process (47 sites), the water consumption in FY2009 was 3,393,000 m³ saved 254,000 m³ compared to FY2008. And we also reduced amount of discharged water by 1,717,000 m³, 7% less than previous year.

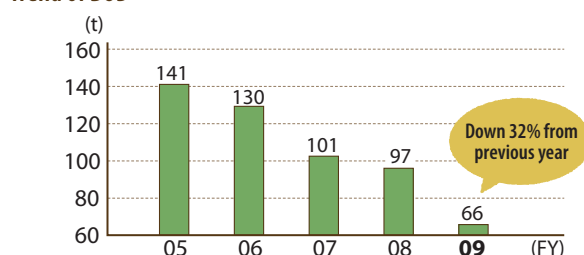
We manage and control the quality of discharged water to meet our internal standards, which request higher level than local environmental standards.

We degressed total BOD to 66tons or 32% lower than FY 2008.

Trend of total amount of discharged water



Trend of BOD





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[Paper cutout illustration by Yuko Yamamoto]