



Delivering Good Health and Reliability



About the Cover Design

The cover art represents the warmth and gentleness of pasta and flowers on a dining table. The many-colored flowers represent our stakeholders.

The red ribbon binding the flowers together is the Nisshin Seifun Group.

We at the Nisshin Seifun Group work with our stakeholders to ensure a healthy future.

Embroidery by Kazuko Aoki

Link People, Link Tomorrow

Nisshin Seifun Group Social & Environmental Report 2007

Abridged Version



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To meet Japan's greenhouse gas reduction target of 6% under the Kyoto Protocol, it will be essential to achieve 3.9% absorption in Japan's forests. By actively using domestically grown wood, we can contribute to the fostering of forests that absorb CO2. Domestically grown wood fiber was used to make the paper for this booklet.



This report was printed with VOC-free ink that uses 100% plant oil-based ingredients instead of petroleum-based ingredients.



This report was printed with a waterless printing process that does not emit harmful liquid wastes.



To Our Readers

* This booklet provides an English translation of the Japanese abridged version of our Social & Environmental Report 2007. The full-length Japanese version is our official report.

What is Corporate Social Responsibility ?

Corporate social responsibility, or CSR, refers to the responsibilities an enterprise has to society, responsibilities that are on top of its ongoing economic and legal requirements.

Recently, the scope of CSR has grown to include risk management, internal control and global environmental protection.



The Social Responsibility of the Nisshin Seifun Group

Our social responsibility is to respond to the needs of society by acting sincerely to meet our Corporate Principle of "Contributing to a Healthy and Fruitful Life for All" and building a better society while following market and free economic principles and fulfilling our ethical responsibilities. By putting our **Corporate Code of Conduct and Employee Action Guidelines** into practice to this end, we are actively endeavoring to demonstrate our enterprise value as a responsible member of society.

Purpose of This Report

This Social & Environmental Report describes specific initiatives we have undertaken from our basic stance on social responsibility, and presents the results in unvarnished form. It covers non-financial aspects of our company's performance, to complement the financial reports, such as securities reports, that we provide separately.

This report is compiled in accordance with the following formal guidelines.

- **GRI "Sustainability Reporting Guidelines"**
These reporting guidelines are published by the Global Reporting Initiative (GRI), an official partner organization of the United Nations Environment Programme (UNEP).
- **Ministry of the Environment "Environmental Reporting Guidelines"**
These guidelines set standards for reporting on an enterprise's environmental policies, targets, plans, environmental management status and environmental protection initiatives.

(1) Encourage dialog with our stakeholders by explaining our standpoint and providing information

Provide to our business partners



Use in employee training and various seminars



Distribute at events



(2) Evaluate our employees' understanding of and engagement in CSR

Useful for learning and evaluating the status and results of our company's initiatives and making revisions.

Since last year, third-party reviewers have checked our initiatives in the Group report.

These third-party reviewers point out the praiseworthy aspects and things that could be improved. For comments on the 2007 report, see the full report.

Useful references for our readers:

- Corporate Code of Conduct and Employee Action Guidelines (carry-along card)
- Company's rules & regulations (employee handbook)
- Business reports
- Case studies: Employee Action Guidelines
- Securities reports
- Group newsletter *Nisshin Dayori*
- Investor relations page <http://www.nisshin.com/ir/policy/>
- Basic stance on social responsibility <http://www.nisshin.com/csr/>

Food for a New Generation

Enriched by the Earth, We Must Care for It in Return

The richer a civilization becomes, the more energy it consumes and the greater the burden it places on the global environment. Thus it is that we have a responsibility to pass on our precious planet to our children in the best possible condition. As a food products enterprise that benefits from the blessings of the Earth, Nisshin Seifun is affected by climate changes. It is therefore incumbent upon us to think about what we can do to reduce CO₂ emissions and take actions to stop global warming.

In recent years, moreover, the grains on which we have long depended as our main source of food are now increasingly being used for livestock feed and energy, causing grain consumption to increase dramatically. It is therefore our responsibility to develop technologies to use our limited resources more effectively and to work to protect the environment, taking action while considering the role that we need to play.

As a business, we also follow the government's Cool Biz guidelines and set our air conditioners at higher temperatures to help reduce CO₂ emissions. Since these activities should be practiced at home as well, our Group employees willingly engage in them on their own initiative.

Practicing the Idea That "The Basis of Business is Built on Trust"

The founding principle of the Nisshin Seifun Group since its founding in 1900 has been "the basis of business is built on trust," which has ensured that we act with an awareness of corporate social responsibility. Earning people's trust and then responding to that trust: this is how an enterprise should survive and grow. The ability to do this naturally is of the utmost importance to an enterprise. Nisshin Seifun understands "responding to that trust" as ensuring that we should grow in a stable manner, thereby fulfilling our social responsibility by contributing to society through our business activities. In addition, we wish to make a difference with respect to such social issues as global warming and hunger.

Nisshin Seifun thus endorses the efforts of the World Food Programme (WFP) to eradicate world hunger and poverty. In

September 2005, we set up an internal office to advance the WFP cause and started support initiatives. Employees voluntarily participate in these initiatives with the backing of the company, which raises employee awareness and ensures that these activities are sustained.

For a food products company, social initiatives and business activities are two sides of the same coin. Customers entrust their very lives to us, so it goes without question that we must deserve customers' trust. We therefore have a social responsibility to fulfill even in terms of the craftsmanship we bring to our work.

At Nisshin Seifun we look at quality assurance from the customers' point of view and provide safe, high-quality products. This is how we earn the trust of our customers. Because we take pains to manage every part of the product's lifecycle, from procurement of raw materials through to production and sales, our cumulative endeavors allow us to present our products to customers with confidence.

Sustainability Demands Fundamental Changes

For us, the best possible outcome is for our company and employees to grow together as partners for a more enjoyable life. In these rapidly changing times, however, we all have to exert ourselves to the full. Our employees take active courses of study that include on-the-job training as well as outside training.

Because women are so closely connected to all aspects of food in our society, they are likewise very important to the growth of the Nisshin Seifun Group. We are thus looking for ways to adapt our business so that women can take a more active part. As an example, we have set a goal of increasing the percentage of female career-track employees, along with a specific target of 30% women among each year's new hires. We are also looking at ways of assisting women with child rearing and returning to the work force so that they can continue to work after marriage and childbirth.

From now on, enterprises will have to do more than exist passively: they will have to develop sustainably and make a contribution to society. This means that the business environment has to change fundamentally. Enterprises must, for example, respond more actively and adaptively to the issues that impact on their businesses such as global warming, and to social problems like hunger and poverty.

For Nisshin Seifun, our guide to approaching these issues will be the same as the founding principle to which we have clung for so long.

Nisshin Seifun Group Inc.
Representative Director
President

Hiroshi Hasegawa

長谷川 浩嗣

The Value Chain of the Nisshin Seifun Group

Contributing to a Healthy Society

Promoting the Nisshin Seifun Foundation

In 1941, Nisshin Seifun founder Teiichiro Shoda established the *Nosan Kagaku Kenkyukai* (chemurgy study group) to promote chemical research on agricultural crops. The organization's name was changed to the Nisshin Seifun Foundation in 1952. The Foundation, which seeks to improve the dietary lifestyle of the Japanese people, provides grants for basic research (natural science) on dietary habits as well as related lectures, workshops and research conferences. In FY2007, 14 researchers received research assistance grants worth a total of ¥13,500,000.

WEB <http://www.z-ssk.org/>

Support for the Japan Association of the United Nations World Food Programme

The Nisshin Seifun Group endorses the basic stance of the WFP, joining the Japan Association of the United Nations World Food Programme in September 2005 as a contributing member. We have set up an internal office to promote employee volunteerism for the WFP cause through various support activities.

United Nations World Food Programme (WFP):

WEB <http://www.wfp.or.jp>

Creating a Comfortable Workplace

We strive to give our employees a place where they can work safely and confidently as well as demonstrate their full talents.

Teaching Compliance with the Corporate Code of Conduct and Employee Action Guidelines

Nisshin Seifun holds periodic CSR roundtables at which we discuss the concept of CSR, watch relevant videos, talk about the Employee Action Guidelines using case studies, and exchange ideas. Since our first such event in 2003, we have held a total of 142 roundtable sessions as of June 2007, with a total of 1,624 participants.

CSR Promotion Month

Nisshin Seifun observes every October as CSR Promotion Month, inviting CSR slogans. Posters featuring the best slogans are displayed. We also promote CSR by carrying out surveys and group work in each workplace.

Certification as an Enterprise Supporting Child Rearing

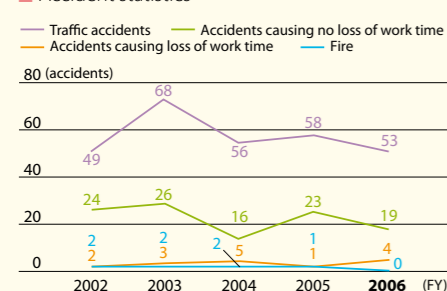
In May 2007, Nisshin Seifun Group Inc., Nisshin Flour Milling, Nisshin Foods and Nisshin Pharma earned certification as enterprises taking steps to support the development of the next generation by the director of the Tokyo Labour Bureau.

■ Individuals taking child-care leave (FY2005-2006)

Results for four companies earning next-generation certification mark
18 (including 5 men)



Accident statistics



Product Development from the Consumer Standpoint

Nisshin Seifun tries to create products from the customers' point of view, so that the red ribbon will always be a sign of trust.

- Nisshin Flour Milling's New Product Development Center and Tsukuba Laboratory
- Nisshin Foods' Research and Development Center

Thoroughgoing Safety Inspections

Nisshin Seifun's QE Center performs safety inspections on our raw materials, packaging and products to analyze for the presence of agricultural chemicals, genetically modified materials, and allergens, confirming their quality meets the Nisshin Seifun Group's standards for acceptability.

QE Center

In recognition of its technology for analyzing residual agricultural chemicals in food products and livestock feed, the QE Center has earned ISO 17025* certification for residual agricultural chemicals analysis, a first for a food products manufacturer in Japan (December 2003). The Center has four registered ISO 17025 testers.

* An international standard for testing laboratories' inspection capacity. Because the competence of the testing staff is also considered, achieving certification requires a very high level of technical skill.

Food Safety Management System

Nisshin Seifun is continuing to implement its food safety management system and enhancing the system of quality assurance supervisors.

■ Certification Status

Certification	Status
ISO22000	Nisshin Flour Milling: Head Office + 12 plants (Kitami, Hakodate, Chiba, Tsurumi, Nagoya, Chita, Higashi-Nada, Kobe, Okayama, Sakaide, Tosu, Chikugo); Nisshin Foods: Head Office + Food Research & Development Center + 2 plants (Tatebayashi, Nagoya); Ma-Ma-Macaroni: Head Office + 2 plants (Utsunomiya, Kobe)
ISO17025	Nisshin Seifun Group, Inc.: QE Center
ISO9001	Initio Foods: Higashi-Osaka Plant; Nisshin Petfood: Tsurumi Plant; Nisshin Pharma: Ueda Plant; Nisshin Engineering: Kamifukuoka Office Powder Processing Center; Thai Nisshin Technomic; Thai Nisshin Seifun; Medallion Foods
HACCP	Thai Nisshin Seifun
AIB	Nisshin Flour Milling: Tsurumi Plant, Chita Plant; Nisshin Foods: Tatebayashi Plant, Nagoya Plant
Total Hygienic Control Production Process*	Daisen Ham

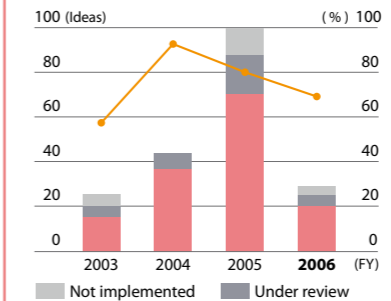
* Total Hygienic Control Production Process Certification System



Our Commitment to Improvement

The Quality Improvement Committee works with personnel from the quality control, quality assurance, production control and product development departments to improve products.

■ Number of product quality ideas generated by Quality Improvement Committee



Privacy Policy :

WEB <http://www.nisshin.com/privacy/>

Proper Package Labeling

The Nisshin Seifun Group discloses appropriate information about products in compliance with the Food Sanitation Law, the JAS Law and Health Promotion Law.

Example of Improved Packaging (Nisshin Foods)

Most of the waste coming from ordinary households in Japan consists of product containers and packaging. At the Nisshin Seifun Group, we are working to minimize container and packaging materials.



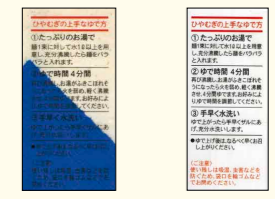
Ma-Ma Meat Sauce with Plenty of Tomatoes
Thinner walls reduced weight by 2.8%

Prioritizing Customer Satisfaction

Reflecting Customer Comments in Our Products

When customers told us that the instructions for preparing the *Sanuki Hiyamugi* vermicelli product were difficult to read, we redesigned the package layout for easier reading.

Sanuki Hiyamugi (Japanese vermicelli)



Relations with Business Partners

The Nisshin Seifun Group believes in fair trade for the common good of our business partners and ourselves, and we strive to deliver safe, high-quality products at a reasonable price.

Maintaining Awareness of Antitrust Law

We revise our Antitrust Law Compliance Manual each time the law changes and new guidelines are established (latest revision October 2005). To raise awareness, we hold educational activities such as orientation meetings whenever necessary.

Compliance with Subcontractor Law

We have established a Subcontractor Law Compliance Manual to ensure appropriate business operations and prevent violation of the law. Internal surveys of departments concerned are conducted whenever necessary to ensure thorough understanding and compliance with the intentions of the law.

Dialog with Shareholders

The Nisshin Seifun Group gives a reasonable return to its shareholders and investors and discloses proper information to them.

Disclosure Policy :

WEB <http://www.nisshin.com/ir/disclosure/>

Shareholder Returns

We respond to shareholder expectations with a standard of returning at least 30% of income as dividends on a consolidated basis, taking current and future revenues and financial conditions into account.

Dialog with Investors and Analysts

In FY2006 we engaged in dialog with interested parties over 150 times by means of individual interviews as well as visiting investors' and analysts' offices.

Group Merits Listing on SRI Index

The Nisshin Seifun Group Inc. was included in the FTSE4Good Index in 2003 in recognition of the Group's social initiatives.

Environmental Management Ranking Puts Nisshin Seifun at Top—Again

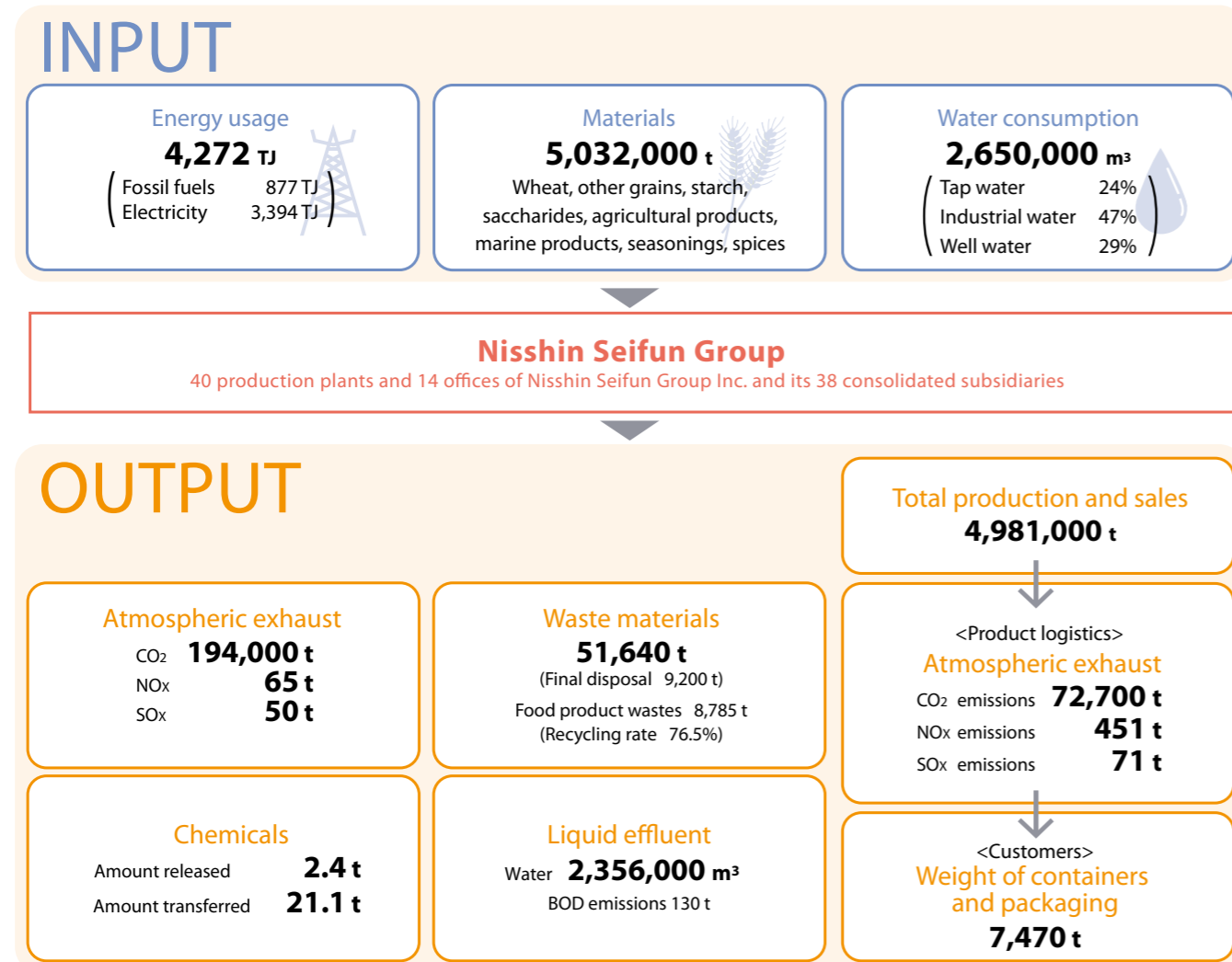
The Nisshin Seifun Group Inc. earned the top ranking among food and pharmaceutical companies in the Nihon Keizai Shimbun's 10th Environmental Management Survey, placing 36th overall in the manufacturing industry (up from 38th last year).

Commitment to Next Generation

To ensure that our business activities are beneficial to the environment, we gather information, set targets, and take actions.

Material Balance (FY2006)

To determine the environmental impact of our business activities, the Nisshin Seifun Group is constantly collecting data which we use as the basis for our environmental action targets.



Data reporting period and calculation

The data reporting period is April 2006–March 2007. Data were calculated based on the latest edition of the Environmental Reporting Guidelines 2007 (June 2007).

Energy usage

Total of annual usage of each type of energy × conversion coefficient for each type of energy. Conversion coefficients used for fossil fuels, heat and electricity are those from the Energy Conservation Law Enforcement Regulations Supplemental Table 1.2.3.

Materials

Calculated by adding together total production and waste emissions.

CO₂ emissions

The emissions coefficients used are those from the Ministry of the Environment's Voluntary Domestic Emissions Trading System Stage 1 Operating Rules, Ver. 1 (February 2005) and Stage 3 Operating Rules,

Ver. 1. Emissions associated with electricity use in domestic plants are calculated based on nationwide averages for electric power sources. Emissions associated with electricity use in overseas plants are calculated based on coefficients of the International Energy Agency (IEA), etc.

Waste materials

Calculated as industrial waste + nonindustrial waste + salvageable amount.

Liquid effluent

All water released to public water bodies from plants and business sites.

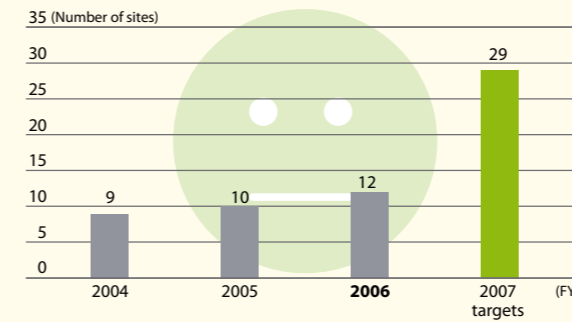
Chemicals

All substances stipulated by the PRTR Law.

FY2006 Initiatives and Future Directions

In FY2006, the Nisshin Seifun Group made some noteworthy accomplishments, such as reducing CO₂ emissions in the Group as a whole by about 10,000 tons compared with FY1990. Heading into the future, we will work to resolve environmental problems with such approaches as the development of new products and technologies, in keeping with rational economic considerations.

Number of ISO 14001 certifications acquired



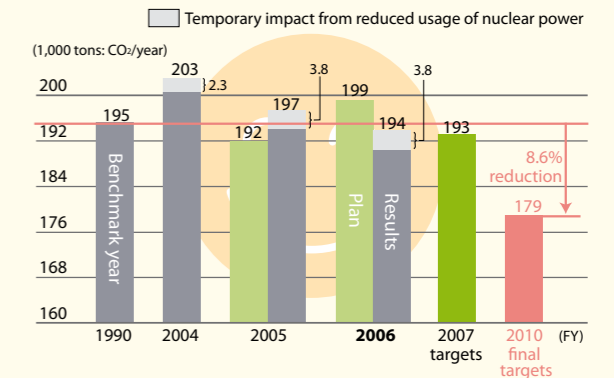
FY2006 results

Two sites (the Nisshin Pharma Ueda Plant and Daisen Ham) earned certification.

Future approaches

Starting in FY2007, we are working to obtain certification that covers the entire Group (exclusive of overseas sites).

CO₂ emissions (factories and offices)



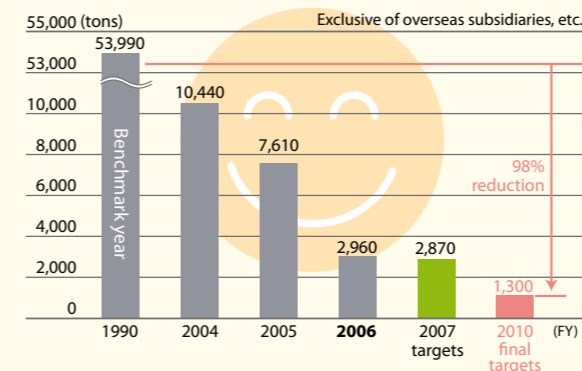
FY2006 results

We developed a plan to reduce emissions resulting from increased production levels in accordance with our business plans. We continuously and steadily took measures and actions as part of this. Measures such as cogeneration and fuel conversion have enabled us to cut emissions by 2% from the previous year.

Future approaches

We aim to achieve our final goal by conducting our voluntary initiatives, earning credits for emissions via the Clean Development Mechanism, and running an internal emissions trading system.

Amount of emissions undergoing final disposal



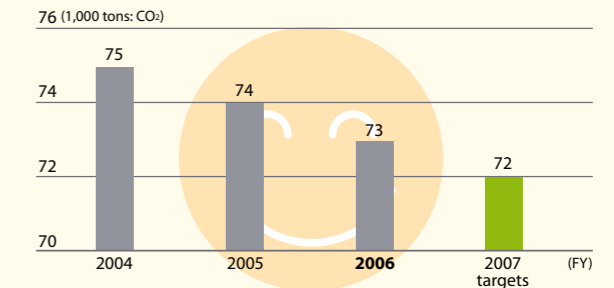
FY2006 results

Such proactive initiatives as using animal waste for fertilizer helped us to reduce our final disposal rate to 6.9% from the previous year's figure of 18.4%.

Future approaches

We will endeavor to reduce the volume of emissions undergoing final disposal by 98% in FY2010 as compared with FY1990.

CO₂ emissions (logistics)



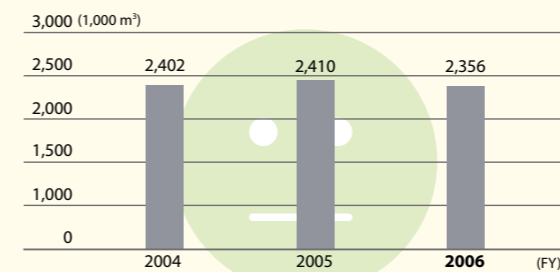
FY2006 results

We reduced emissions by implementing modal shifts, using larger transportation vehicles and consolidating our delivery points.

Future approaches

We aim to maintain a 1% year-on-year reduction in our CO₂ emissions intensity.

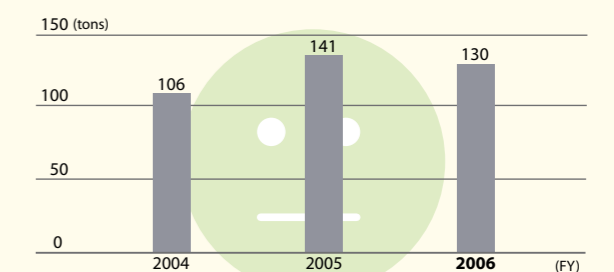
Liquid effluent



FY2006 results

Initiatives to save water from production activities, etc. have resulted in usage reduction of about 2%.

BOD



FY2006 results

We established the Group liquid effluent control policy. As a result of proper control and stronger operations, we reduced liquid effluent by about 8%.

Feature 1

Challenge of Reducing Absolute CO₂ Emissions

At the Nisshin Seifun Group, we believe that the food products industry has to take an active part to help prevent global warming. Last year, the Nisshin Seifun Group made a public commitment to reduce its FY2010 CO₂ emissions by 8.6% compared to FY1990.

* The full text of Feature 1 is available in the full report (Japanese only).

Humanity's Task: Overcoming Global Warming

Nakamura Because of an unprecedented period of drought, Australia has suffered catastrophic damage to its wheat and other cereal crops. Global warming is intimately connected with the ability of humans to secure enough food resources, and it also has a major impact on food companies like us.

Ikeda Indeed, food companies have long been inclined to try to ensure reasonable product prices and product safety. Such efforts will continue in the future as a matter of course, but the industry faces a new and rising problem: ensuring a sufficient volume of food given the impact of climate changes on our food resources. How do we go about securing sufficient quantity on a global basis? As the world population increases, moreover, securing food supplies has become the most significant issue currently facing humanity. It is therefore incumbent upon us to think about how we should act not as one company alone, but throughout the world.

Nakamura Nakamura: When we think about the impact of global warming, we tend to consider the implications for the management of our food company, but I believe we really should be thinking, first of all, about the environment we have been blessed with and what kind of environment we will be handing down to subsequent generations. Naturally, we should make an effort to combat global warming from our position as business managers, but we should also, as individuals, feel a sense of crisis, asking ourselves, "Can this go on?"

Ikeda This may indeed be the biggest crisis we "earthlings" have faced in our existence. *Homo sapiens* survived an ice age only to create a civilization that has engendered an even graver crisis. In that sense, it's important that we ask ourselves as humans, not as a business, what we have to do as earthlings to overcome this problem.

Yamada We've reached a stage now where

our bodies can actually feel the effects of climate changes. This fact alone should indicate how serious the impact has become, but what we need to do is try to turn those feelings into specific actions. For that reason, people are starting to realize that it is not just food companies that need to curb CO₂ emissions: all of us have such a role to play, regardless of the scale of our organizations.

Nakamura At Nisshin Flour Milling, we keep reminding our staff why we need to cut CO₂. That is to say, cutting CO₂ does not necessarily cut costs, so its benefit to our business is hard to discern. We mustn't use this as an excuse for conducting our initiatives halfheartedly; we should have a common understanding of the issue to make sure that doesn't happen.

Ikeda At the G8 summit in Heiligendamm, Germany, in June 2007, as part of their global goals, the participating heads of state agreed that they would "aim to at least halve global CO₂ emissions by 2050." The Kyoto Protocol only seeks to cut 6% of those emissions by the year 2012. As I understand it, this target was set to help build a worldwide consensus, and doesn't imply that we can go after CO₂ reductions at a leisurely pace.

Rising to the Challenge of Reducing Absolute CO₂ Emissions

Yamada In February 2006, the Nisshin Seifun Group publicly declared that the Group's total CO₂ emissions in FY2010 would be 8.6% lower than those in FY1990. Enterprises' CO₂ emissions targets are often phrased in terms of "intensity," and we hear many debates about emissions intensity. But it is possible for the business community to use measurements of emissions intensity as an excuse. This is because when the economy is strong, production levels go up and the absolute volume of emissions goes up as well. But when you are working to cut absolute emissions, you can't make excuses. Although it will require a lot of hard work, our 2006 declaration is the Nisshin

Nisshin Flour Milling Inc.
President

Ryuji Nakamura



Nisshin Foods Inc.
President

Kazuo Ikeda

column 1 Ma•Ma Leave-it-to-microwave Spaghetti

This spaghetti product is cooked up in just five minutes. Microwave it with a small amount of water in a special container. The secret to such quick cooking is that the pasta is shaped like the letter N in cross-section. The faster cooking time means savings of both energy and water.



column 2 Cogeneration system captures methane gas from yeast fermentation (at Oriental Yeast)

Oriental Yeast Co., Ltd. supplies the yeast we use in our bread. The company has developed the first methane fermentation process that works even with yeast culture fluid, which had previously been too difficult to process adequately. This system has been implemented in the company's Osaka Plant as a subsidized project of the New Energy and Industrial Technology Development Organization (NEDO). Because methane gas has 21 times the global warming potential of CO₂, controlling emissions of this gas is critical. By using methane gas as an energy source for

a cogeneration system that normally runs on natural gas, Oriental Yeast has successfully reduced its CO₂ emissions. The Nisshin Seifun Group, which seeks to ensure clean new energies as well as to reduce CO₂ emissions with these initiatives, is actively using the Clean Development Mechanism (CDM). Emission credits earned through a methane gas cogeneration system in an Indonesian food products plant form the basis of our internal emissions trading.

Seifun Group's promise of action to society. Since it is a promise, we have to achieve this target.

Ikeda At Nisshin Foods, our CO₂ reduction target is 10.4%. We want to set an action plan that doesn't try to implement a single uniform measure but studies each improvement individually and then evaluates the level of achievement, eventually producing business benefits.

Nakamura Certainly there is still a lot of room for improvement. At Nisshin Flour Milling, our approach is to do whatever we can, taking both speed and cost into account. For example, we are implementing energy saving equipment, practicing fuel conversion by using gas boilers and running our logistics with increasing efficiency.

Ikeda To tackle global warming, we need two different perspectives. One is efficient reduction by implementing efficient equipment; the other is an environment in which such trends are proactively utilized.

Nakamura That's right. I recall that our first campaign to save energy was back in the 1970s during the energy crises. The electricity costs were so high in those days that it was really a pressure on our business. We were all putting our heads together to figure out how to use electricity more efficiently, and this mindset of making work improvements became an integral part of our organization and work environment.

Ikeda As for climate change, the idea of melting glaciers is rather abstract for most of us, but when supplies of food run short, that is something we can really understand. Food is the most sensitive barometer that we humans have. In that sense, a food company is in a good position to tell people about global warming, so I rather think that this is a part of our social missions.

Yamada Nisshin Flour Milling and Nisshin Foods aren't the only Group companies taking steps. Oriental Yeast has developed a cogeneration system running off methane gas (see Column 2) and NBC has a natural gas satellite (see Column 3). These efforts are having a good impact on the Group as a whole.

Reducing CO₂ Together with Our Customers

Ikeda At Nisshin Foods, one of our core products is pasta. Viewing this product from an environmental perspective, we need to think about how to help consumers reduce their own output of CO₂ when they cook it at home. The Nisshin Seifun Group has calculated the lifecycle CO₂ emissions associated with pasta. We found that the milling process accounts for only 7% or 8% of the lifecycle emissions, while preparation of the product at home makes up 70%.

Yamada So in other words, your efforts to cut CO₂ emissions wouldn't be very effective overall without considering the cooking stage.

Ikeda That's why we decided to target lower energy consumption by shortening the amount of time taken to boil water to prepare pasta at home. To do this, we had a special microwavable container developed, and then developed a spaghetti product to be microwaved with 200 cc of water in this container for five minutes. (See column 1.) The result is a 90% reduction in energy consumption and a 75% cut in CO₂

NBC Inc., which manufactures and sells mesh cloths and molded filters, is mitigating CO₂ emissions by switching to LNG as its production fuel at the Yamanashi Tsuru Plant (Tsuru City, Yamanashi Prefecture) as of April 1, 2007. The Plant has implemented an LNG satellite (liquefied natural gas gasification facility) to make it possible to use natural gas in an area that does not have pipelines for it. The move will allow the Yamanashi Tsuru Plant to reduce its annual emissions of CO₂ by 409 tons (about 7%) as compared with the average of FY2003–2005. NBC

has taken other measures to cut lighting and heating costs at this production facility that runs 24 hours a day. By using inverters, it has successfully increased the energy efficiency of its lighting system. This efficiency measure was put in place based on existing technologies; its proven success has won high praise. Other Group companies picking up NBC's technology include Oriental Yeast. The Koamicho Bldg. of Nisshin Seifun Group Inc. and the Chiba Plant of Nisshin Flour Milling have also adopted it entirely.

emissions during the cooking process. Global warming is going to be a bigger issue for households as well. So we're trying to offer safe, tasty and easy-to-cook products that are also environmentally friendly.

Nakamura Our flour milling operations are based on business to business. So what we have to do is devise ways to help those bread, noodle and snack manufacturers, retail shops, and other business customers create new products with such features.

A Cap and Trade Internal Emissions Trading System

Yamada In addition, we're planning to implement a cap and trade*1 emissions trading system within the Group. Japan began experimenting with emissions trading systems in 2003 and is continuing to verify specific procedures, such as establishing trading prices per ton of emissions. The Group is currently preparing a system that ties in with CERs*2. We plan to have such a system in operation in 2008, the inaugural year of the First Commitment Period of the Kyoto Protocol.

Nakamura Among the problems of global warming, the issue of reducing CO₂ emissions in particular is something that everyone around the world needs to face. Our relationships with our markets and stakeholders are built on this premise; therefore, we have an obligation to respond to our stakeholders by achieving specific targets to curb CO₂ emissions.

Ikeda Food derived from animals and plants sustains human life. I do believe that a food company has a social mission to protect animal life and the natural world while providing sustenance and happiness to people. Developing delicious and safe products is not enough; we have to struggle with social issues from a much larger perspective than that. What I really want to do is to give happiness to our society through food.

Yamada When it comes to environmental initiatives, we have to consider economic rationality. The aggressive pursuit of economic rationality yields new technologies and new initiatives. Now that CO₂ emissions have been recognized as one of the most critical concerns for management, business leaders are charged with undertaking initiatives to solve that problem. From now on, the Nisshin Seifun Group is looking forward to developing new schemes for further curbing CO₂ emissions.

*1 The Kyoto Protocol allows emissions trading as a step toward reducing CO₂ emissions, and the cap and trade scheme has generated interest as a tool. In this scheme, national governments set a limit on the total greenhouse gas emissions and then allot emissions levels to enterprises or other entities. These emissions can be traded among these entities.

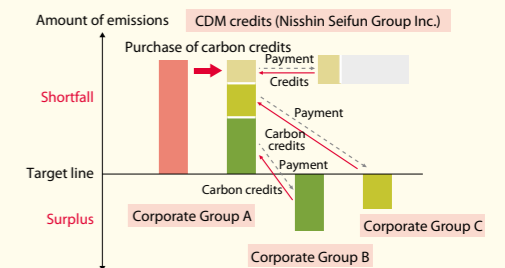
*2 CERs, or Carbon Emissions Rights, are carbon credits or emissions rights that are issued based on the Clean Development Mechanism (CDM), one of the three Kyoto Mechanisms adopted by the signers of the Kyoto Protocol. Enterprises are allowed to use CERs to achieve their own voluntary targets.



Nisshin Seifun Group Inc.
Director, Technical and Engineering Division

Yuki Yoshi Yamada

Diagram Model of Nisshin Seifun Group internal emissions (carbon credit) trading system



The Task in Our Hands

To address global food issues is a vital task for the Nisshin Seifun Group as this is one of the social responsibilities of a food business.

In September 2005, we set up an internal office to promote the efforts of the World Food Programme (WFP) to eradicate hunger and poverty. The office has begun fundraising initiatives on behalf of the WFP.

This section features highlights of a roundtable discussion on the theme of "What We Can Do as a Provider of Food."

For this, we were honored to welcome two representatives from the Japan Association of the United Nations World Food Programme, which supports the WFP.



The Global Food Issues: Where We Stand Today

Kanie Worldwide, 850 million people suffer from hunger today. Natural disasters such as earthquakes and typhoons are some of the causes of hunger. Droughts and floods resulting from climate changes such as global warming are other examples. Then there are human-caused problems: political instability due to wars and regional conflicts, a lack of infrastructure, and the explosive spread of HIV. When these two sets of causes compound each other, chronic hunger is the outcome.

Miyazaki When we hear the word hunger, we tend to think of a lack of food, but in reality the supply and demand of food are largely in balance over the world as a whole. The problem is that, although there is enough food, it is not distributed equally. Eliminating this uneven distribution of food is a key policy of the WFP that we need to deal with over the long term. The question is what the rich nations of the world can do to help the less fortunate nations.

Nakazawa These are things that most of us have only ever seen on TV. But when we get a real sense of the situation, we start to think, "We are working in a food company. Shouldn't we be doing something? We have to do something!"

Miyauchi Hunger is going to be a truly serious problem for our children who will inherit the future. If we saw someone starving to death, naturally we would feel we have to give him something to eat. But that in itself does not solve the hunger problem. So any "support" should ultimately lead to better education and national development. We need to provide elementary education as well as emergency assistance during disasters. If we keep this up for five or ten years, more and more people will have an elementary school education, and more will learn how to write. As these people grow up and become parents, their level of education will extend to a second and third generation, making their countries stronger. As our employees see this process happening, I believe that they will be more motivated than ever to give assistance to people.

Kanie I totally agree with you. Looking back on the last ten years

of WFP activities, we have really put a lot of emphasis on supporting school feeding programs. Currently about 20 million children around the world are benefiting from food programs in their schools. This is not merely food assistance; it helps increase the literacy rates because it gives children motivation to go to school. Especially in the poorer parts of the world, girls tend to be treated as a source of labor in the home. Thanks to school feeding programs, however, they are increasingly attending school and becoming literate. Higher literacy rates play an important role in making a nation stronger.

Miyazaki WFP's "Food for Life" and "Food for Education" programs are well known. But it also has a "Food for Work" program, which gives people workplace training to help them be self-sufficient. Building on these three basic programs, our next aim is to implement further programs called "Food for Development" and "Food for Growth." These programs will provide food assistance that will support the economic development of the target countries.

Inagaki Since last year, the Japan Advertising Council has been running TV commercials for the school feeding program. It seems that people are becoming more aware of the program and other WFP initiatives. As society becomes increasingly exposed to such programs, and as they become a greater part of enterprise initiatives like ours, I think we can really deepen people's understanding. The contrast between prosperity and poverty is something Japanese people need to realize right now, so perhaps we could work harder to raise awareness on that basis.

Miyazaki School feeding programs are more than just food assistance. In Bhutan, for example, we donate several cooking pots every year as part of our program. There the people still cooked foods over a pile of firewood in an inefficient and unsanitary practice. That is why we started to provide pots that would be more efficient and create less smoke. On the other hand, there are countries like The Gambia in Africa where we cannot even get enough information about the level of hunger and poverty. We have not provided assistance yet because we don't know where or how to do so. What we have to do in these countries is start by providing money to cover the cost of studies. To do this, it's important first of all to get people to know and understand the current situation.

Volunteerism: A Long-Term Commitment

Nakazawa Those of us on the WFP promotion team need some ideas to help WFP assistance really take root at Nisshin Seifun. In the last fiscal year we had an in-house fund-raising campaign, and I realized how difficult it is to collect money. I felt that we really need to have a plan and a system that lets people participate of their own volition. This year, to encourage more employees to participate, we

are looking into holding a bazaar, donating the proceeds, and maybe having a display of informational panels there.

Miyazaki That's a great idea. The Association has panels to lend for display purposes; we can let you have some anytime (laughs).

Inagaki Thank you! Seen from Japan, the problems in Africa seem so far away. But a display of panels would be very effective for giving people a close-up look at these problems.

Nakazawa Last year we distributed cell phone straps to all employees to raise awareness of WFP assistance. The team members are thinking we might establish a system that people can buy these straps and the money would be donated. Of course, company-wide initiatives are also very important, but we think that perhaps these personal approaches make it easier for employees to participate. For example, the cooking pots that we were just talking about. People easily understand specific kinds of assistance like that.

Kanie If, for example, you and your company were to set aside a day like today for everyone to get together and consider the hunger problem, you might get people to make a donation equivalent to one lunch. Or how about organizing charity golf; or establishing a system that user fees spent at the welfare facilities of your company go to charity?

Miyauchi We have just launched this company system, so for the first year or two we should be willing to try a lot of different things on a trial and error basis. The company is glad if our employees undertake activities voluntarily. Nisshin Seifun's policy is, "The basis of business is built on trust." In the sense of "trust" to the society, the Nisshin Seifun Group fully supports the voluntary actions of our employees.

Inagaki At this point, 18 Group employees participate in the Nisshin Seifun Group's WFP Volunteer Corps. If we keep recruiting members every year, we will have about 100 supporters in five years. Sustaining this initiative is very important. And of course, we will be expanding our activities to include all our Group companies. Right now, we have a plan for a system in which employees will earn points, in the same way as a mileage plan, for taking part in the Nisshin Seifun Group's social contribution initiatives, and those points would lead to WFP assistance.

Miyauchi As I mentioned a moment ago, we have really just started these initiatives in the Group. We want to hear what people think, to stop us from becoming self-satisfied. It's important for us to keep on making steady, disciplined progress over the long term.

Kanie This discussion today has been very meaningful. I feel the Association has received a strong message of support from your enterprise. As I stated at the beginning, there are 850 million people in the world in need of assistance. I hope you will continue to stand by us as we try to meet that need.



Yoshimi Nakazawa

Nisshin Seifun Group Inc. Intellectual Property Department, General Administration Division (WFP promotion member)

"My workplace stocks and consumes a large supply of paper. When I think about the impact that global warming is having on agriculture, I'm aware that we are closely connected to one of the causes. Every day I think, 'There must be something we can do about this.'"



Izumi Inagaki

Nisshin Seifun Group Inc. General Manager, Public Communications Department, General Administration Division (WFP promotion office director)

"When I was a student, I spent my summer vacation helping with farm work in a rural village in the Tohoku region. I remember that I felt a disparity between cities and farm villages. Recently I visited both Nepal and the US, and I was sharply aware of a similar disparity among nations."



Yasutaka Miyauchi

Nisshin Seifun Group Inc. Managing Director, General Administration Division

"Those of us in the baby boomer generation have never experienced hunger, while our parents' generation faced some serious food shortages during the war. My parents often scolded me for wasting even a single grain of rice."



Masahiko Kanie

Japan Association for the United Nations World Food Programme Chief Executive

"Going back to my earliest memories, I recall that Japan was very poor. There was little to eat or to wear. Given that this is where I started from, I have a really strong desire to help people escape from such a world of poverty."



Kensuke Miyazaki

Japan Association for the United Nations World Food Programme Senior Advisor, Special Project Leader

"The experience of receiving aid like bread rolls and powdered skim milk may have led me to this kind of work. Because we have a fairly equal society in Japan today, I don't think we have developed a culture of rich people sharing with the poor."