

# Contributing to a Healthy and Fruitful Life for All

## How the Nisshin Seifun Group contributes to social development

Ever since its establishment, the Nisshin Seifun Group has been committed to contributing to the development of society to carrying on the aspirations of its founder, Teichiro Shoda. The company has always conducted its business in a manner consistent with the era in which it operates. Its guiding corporate philosophies are "the basis of business is built on trust", and being "in tune with the changing climate" and it endeavours to achieve company-wide ownership of its corporate principle of "contributing to a healthy and fruitful life for all." As a food company it is incumbent upon us to ensure food safety, environmental preservation and full corporate ethical and legal compliance if we are to maintain the trust we have earned in the past.

The Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines have been established to enable us to conduct our business responsibly and in compliance with the relevant laws and regulations. We are working diligently to that end by conducting company-wide awareness-raising activities, which include training sessions to ensure employees correctly understand the content of these guidelines and put them into practice. In addition, the company is continuing to develop and improve its organizational structure in order to fulfil the Group's overall social responsibilities by employing talented people with a view to fostering future business executives, and reviewing and strengthening the Group's intellectual property strategies.

## Safety and Quality Assurance

The first priority of the Nisshin Seifun Group lies in product safety and quality assurance. We are dedicated to delivering to our customers safer products with increased reliability by establishing a quality assurance system based on a consumer perspective, by ensuring traceability, and by strengthening our quality control system, including risk management.

## Continuing to protect our irreplaceable global environment

We are acutely aware of our responsibility to pass on our irreplaceable planet to the next generation in as whole and unspoiled a condition as possible. To this end, we are actively promoting environmental preservation measures including the reduction of waste and carbon dioxide emissions, as well as energy conservation.

## Constantly faithful to our stakeholders' trust

Through our commitment to society, safety and the environment, we will fulfil our corporate social responsibilities and raise the corporate value of the Group so as to continue to earn the trust of all our stakeholders - shareholders, customers, business partners, and employees, and of local communities as a whole.



Hiroshi Hasegawa  
President,

### Corporate Principle

The Nisshin Seifun Group is expanding globally in the lifestyle industries under a corporate principle of "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 "in tune with the changing climate".

# A Century of Unflinching Commitment

The company's guiding philosophy, introduced by its founder Teiichi Shoda, that "the basis of business is built on trust" is a fundamental principle that has been at the core of all our operations from the beginning. "We do not earn God's blessing by just making a profit. In conducting a business, we must give adequate consideration to serving society, doing our best for shareholders and enhancing the well-being of our employees" (from a speech by Teiichi Shoda at the company's 50th anniversary celebration). Every employee has taken these aspirations to heart, and for the last century the entire company has conducted business in a way that has both met customer expectations and been of benefit to society. These aspirations have remained unchanged since the days of the Tatebayashi Flour Milling Co., Ltd., the predecessor of The Nisshin Seifun Group.



Book Calligraphy by Teiichi Shoda "The basis of business is built on trust"

## Contributing to social development through a stable food supply.

Tatebayashi Flour Milling Co., Ltd. was established in 1900 in the city of Tatebayashi in Gunma Prefecture, one of the leading wheat-producing regions of Japan. At a time when nearly all wheat flour consumed was imported, Teiichi Shoda embarked on a mechanical flour milling business in order to provide Japanese households with wheat flour of as high a quality as that produced overseas.

The company's efforts since that time to provide a stable supply of flour played an important role in the modernization of Japan.



Tatebayashi Seifun (Flour Milling) Co. Inauguration Ceremony, 1901

## Ensuring food safety and peace of mind

During the 1990s, a series of events occurred that forced us to rethink food safety. The QE Center, set up in 1998 to respond to contemporary social requirements, conducts safety audits on new raw materials and new products, gives advice based on the audit results and strives to ensure food safety and security through the rigorous application of quality control.

## Responding to consumers and social requirements

Consumer input is an essential element in the pursuit of food safety and security. With this in mind, the Group established in 1973 a Food Consumer Center (currently the Customer Relations Office). This Customer Relations Office feeds back consumer opinion to reinforce the efficacy of our quality assurance. In recent years, an increased focus on shareholder value has led to the establishment of an Investor Relations Office. Furthermore, during the escalating energy crisis of the 1980s, the Group promptly set up an Energy Conservation Promotion Committee. We took advantage of the subsequent group-wide engagement with saving energy to strengthen our environmental management system. In 1998, we formulated our Basic Environment Policy and Environment Protection Voluntary Action Plan and have continued to engage in environment preservation activities.

## Our social responsibility evaluated

Our various endeavours are evaluated and incorporated into an SRI (Socially Responsible Investment) index. The Nisshin Seifun Group Inc. was selected for three consecutive years in 2003, 2004 and 2005 as one of the FTSE4 Good Index brands, a globally-recognized SRI index developed by the British FTSE company. Our group has also been identified by organizations such as Somo Japan Green Open and the Morningstar SRI Index (as of June 2005).



FTSE 4 Good Index Registration Certificate

## Our promise for the future

We stand committed to contributing to a healthy and rewarding future in the 21st century by fulfilling our corporate social responsibilities through a broader expansion of our food business. We will continue to base our business activities on the fundamental principles faithfully practiced since our inauguration, ensuring that the relationship of trust built with our stakeholders for over a hundred years endures unbroken.

### The Nisshin Seifun Group Corporate Code of Conduct

- Sound business activities and enduring business expansion
- Developing and supplying secure, safe, high quality products and services
- Respect for human dignity
- Compliance with social norms and promotion of fair business activities
- Promotion of good public relations
- Promotion of environmental protection
- Promotion of activities contributing to society
- Promotion of locally entrenched overseas businesses
- Managerial responsibility in the implementation of this code

## Implementation of this code of conduct and principles.

The president and directors of each member company in the Nisshin Seifun Group, starting with Head Office, recognize that it is their personal responsibility to implement this code of conduct, and leading by example will share this commitment with all concerned. They will listen at all times to internal and external opinion to create an effective corporate system while ensuring full compliance with corporate ethics. In the event that this code of conduct or principles is breached, the presidents of each group company will declare, both within the company and externally, their own commitment to solving the problem by elucidating the cause and preventing recurrence of that breach. They will exercise their accountability to society through the swift and accurate disclosure of information, and once the limits of authority and responsibility have been established will impose strict and appropriate penalties, on themselves included.

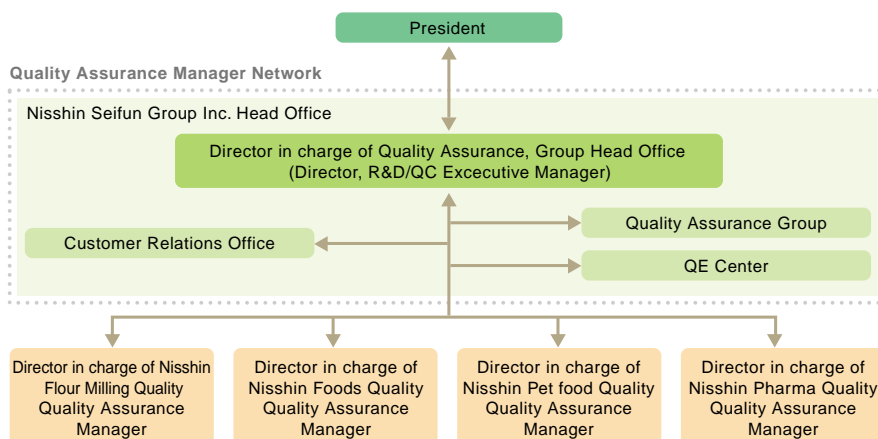
# Quality Assurance and Product Safety

## Food safety: our primary responsibility

The Nisshin Seifun Group has established internal Product Safety Management Regulations and Food Hygiene Management Regulations based on our Quality Assurance Regulations. In this way, we assure quality from the consumer perspective throughout every phase of product development, from design, manufacture, production and storage to distribution, sales and service.

Since 1996, all our plants have successively gained certification under international quality management standards (the ISO 9000 Series), with the objective of improving quali-

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Responsibility to Society;

## Dialogue with Shareholders, Investors and Business Partners

We do our best to make timely, accurate and continuous disclosure of information at annual shareholders' meetings and to offer financial results briefings for analysts. Through our Web site, we endeavor to invite our shareholders and investors to understand, evaluate and trust our Group's business.

# Dialogue with Local Communities

## Supporting educational activities.

Our Group supports educational activities that teach young people to acquire the habit of thinking about food and food safety, how to select food, and how to combine its varieties, as well as about their local food culture.

## Passing on a legacy of flour milling : the Flour Milling Museum

In 1970, as one of the events commemorating the 70th anniversary of the company's founding, a museum was established at Tatebayashi, where Nisshin Flour Milling originated (on the current premises of the Nisshin Foods, Tatebayashi Plant). This museum houses local and overseas exhibits on flour milling and features the U.S.-made roller mill that served so well in the Taisho Era (1912-1926). The building, once used as the plant's main administration block during the early days of the company, has been refurbished and with its pseudo-western Meiji architecture now represents one of Gunma's few "modernization heritage" historical sites illustrating the dramatic changes undergone by Japan during the early 20th century. The Flour Milling Museum is open to the public and has attracted over 20,000 visitors since its opening.



Flour Milling Museum

Summer workshop for parents and children featuring animal-shaped breads

This annual summer holiday event celebrated its 24th year this year. This event has attracted a cumulative total of around 13,000 participants since its inception.

## Flour milling plant tours - Tours of Nisshin Seifun's Tsurumi Plant

To help enable our customers to live a healthy and meaningful life, the Nisshin Seifun Group collaborates with the operation of the Nutrition Research Foundation and the Information Center of Particle Technology, Japan. The Nutrition Research Foundation

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Tours of Nisshin Seifun's Tsurumi Plant

# Creating a Safe Workplace

## Planned introduction of OSHMS to improve employee safety

Using our Tsurumi Plant as a model, we are working on the introduction of an Occupational Safety & Health Management System (OSHMS) which incorporates Risk Assessment in our conventional occupational health and safety measures.

## Conducting safety audits

Facility audits typically consist of an audit of occupational health and safety management, disaster prevention and security management. Since November 2002 we have added 17 facilities, including those overseas, and have conducted audits on 42 plants.

## Occupational health and safety training

To ensure thorough implementation of occupational health and safety we have embarked on raising the level of health and safety knowledge and skills. This has been achieved through conducting regular training sessions for designated groups such as managers, supervisors, safety leaders, facility managers and new employees, as well as plant training and group training as required. In 2004, 452 participants attended 29 such training programmes.

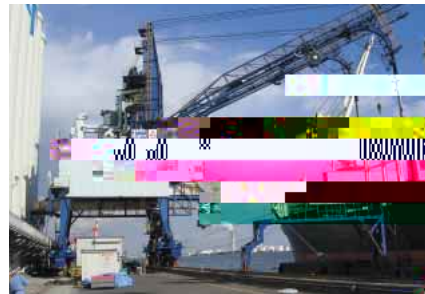
## Major earthquake countermeasures

Lessons learned from the Great Hanshin-Awaji Earthquake in January 1995 led our Group to conduct a total review of its Major Earthquake Disaster Prevention Manual in 1996.

Subsequently, we have restructured the Head Office department handling disasters and implemented a number of measures that include the distribution of satellite phones to all plants, the distribution of pocket-sized cards listing what to do in the event of a disaster, and better provisioning of disaster prevention equipment such as emergency generators.

In addition, we have conducted ongoing disaster prevention drills built around Disaster Prevention Day and Earthquake Disaster Day.

In February 2005, to provide against the unfortunate event of a major earthquake we installed seismic isolators on the pneumatic grain unloader at the Tsurumi Plant to minimize damage and ensure a stable supply of flour.

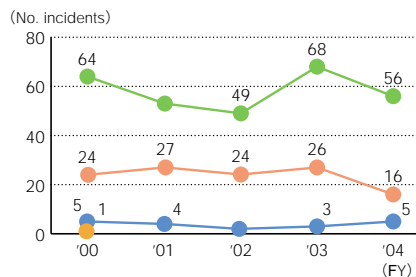


Pneumatic grain unloader

## Incidence of industrial accidents

Company-wide occupational health and safety measures have resulted in a decreasing trend over the past five years in the incidence of lost time and non-lost-time injuries. The average number of incidents dropped from 27.2 to 22.7. We will be further promoting safe workplaces in 2005 by implementing disaster prevention activities in new plants and reviewing our disaster prevention management system.

● Traffic accidents



to achieve 100% recycling of used materials by 2010 in conjunction with waste reduction.  
to set a voluntary CO<sub>2</sub> emissions reduction target of 8.6% compared with 1990 levels by the  
year 2010, and aim to systematically implement and achieve CO<sub>2</sub> reduction measures in



Responsibility to the Environment;

# A Promise to the Next Generation

