

Kikkoman Group Corporate Citizenship Report 2012

December, 2012

Kikkoman Group Corporate Citizenship Report 2012

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【About this report】 Kikkoman has published an environmental report each year since its first Environmental Report was published in 1998. In 2006, we expanded the social component of the report and changed its name to the Kikkoman Group Corporate Citizenship Report.

【Scope】 This report covers the activities of the Kikkoman Group, comprising the Group' s holding company, Kikkoman Corporation, as well as its 62 consolidated subsidiaries and equity-method subsidiaries and affiliates (as of March 31, 2012). This report refers to the Kikkoman Group as "Kikkoman Group" or "the Group," to Kikkoman Corporation as "Kikkoman Corporation," and to Kikkoman Corporation, Kikkoman Food Products Company, Kikkoman Beverage Company, and Kikkoman Business Services Company collectively as "Kikkoman." Otherwise companies are referred to by name.

【Reporting Period】 Fiscal 2012 (April 1, 2011–March 31, 2012)

This report may contain references to activities that were initiated prior to March 2011 or after April 2012.

【Date of Publication】 December 2012 Previous report: December 2011 Next report: Scheduled for December 2013

【Note on Statements about the Forecast】 In addition to information about past and present activities undertaken by the Kikkoman Group, this report includes statements about the forecast in the form of plans and projections current at the time of its publication. These statements reflect the judgment of management based on information that was available at the time of their inclusion in the report. Changing conditions may cause the results of future business operations and other events to differ from projections.

Message from the CEO



Since Kikkoman was founded, we have given careful attention to our role as a public entity in society, and we have conducted our business based on an awareness of our connections with society. This approach is reflected in the current management principles of the Kikkoman Group.

When the unprecedented earthquake struck in March 2011, the Kikkoman Group immediately took action to provide support for the affected areas. As part of our efforts to help the affected areas, we called upon our group companies and individual employees to provide donations. We received donations from many of our employees and 18 of our group companies—not only in Japan but also in 13 countries and regions overseas. Our employees are still proactively participating in volunteer activities to assist the affected areas with reconstruction. A large number of our employees are doing whatever they can in order to help address such social problems, and this demonstrates that the mentality that was established at the start of our company has taken root and spread throughout our Group.

As a company that manufactures food products, we have a special responsibility that people eat. The most fundamental and important responsibility of a food manufacturer is to consistently provide products that are safe and that can be enjoyed with a sense of assurance. The Kikkoman Group has developed a quality control system for ensuring the safety of products from the raw materials stage, and we have launched an initiative so that the opinions that we receive from customers through the Kikkoman Consumer Center our Customer Service Center are reflected in our business. Since we made our Shokuiku (food education) Commitment in 2005, we have been conducting food education activities aimed at making eating more interesting and fun. We intend to proactively continue providing tours of our plants and offering “Kikkoman Soy Sauce Academy” , in which our employees visit elementary schools in various regions and talk about the raw materials that go into soy sauce and how soy sauce is made. Through such efforts, we hope to convey the wonderful aspects of Japan’ s food culture to many people and contribute to passing on this culture.

Kikkoman is a company that conducts business related to soy sauce, which is a traditional Japanese seasoning. We provide our products and services in over 100 countries and are continuing to develop our business globally. In 2001, Kikkoman became the first Japanese company to sign the United Nations Global Compact. We view our signing the Global Compact as a promise that we will fulfill our responsibilities as a company in the global community. In 2011, we formulated the Kikkoman Corporate Citizenship Framework in order to clarify what we believe to be our social responsibilities as a company, establish specific initiatives, and make improvements.

This Framework sets forth three key themes for helping us to realize the objectives of our management principles. They are: Responsible Operations, Products /Services, and Actions for global society. By establishing action objectives based on these themes, and having each of our employees put them into practice in their day-to-day work, we will continue to strengthen our activities and thereby fulfill our responsibilities to society.



Mitsuo Someya
President and
Chief Executive Officer
JULY 2012

The Ten Principles of the Global Compact



What is the United Nations Global Compact?

The Global Compact is an initiative proposed by then UN Secretary-General Kofi Annan at the World Economic Forum held in 1999 and was officially launched at UN Headquarters in 2000. The Global Compact asks participating companies to embrace, support and enact ten universally accepted principles in the areas of human rights, labor standards, the environment, and anti-corruption.

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Labour Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Kikkoman Group Overview (as of March 31, 2011)

● Consolidated Subsidiaries	41 companies
■ Unconsolidated Subsidiaries	21 companies
▲ Affiliates	37 companies

Europe

Foods Manufacturing and Sales

- KIKKOMAN FOODS EUROPE B.V. (KFE) (Netherlands)
- KIKKOMAN TRADING EUROPE GmbH (KTE) (Germany)

Foods Wholesale

- JFC INTERNATIONAL (EUROPE) GmbH (JFCEU) (Germany)
- JFC DEUTSCHLAND GmbH (JFCDE) (Germany)
- JFC (UK) LIMITED (JFCUK) (United Kingdom)
- JFC FRANCE S.A.R.L. (JFCF) (France)
- JFC AUSTRIA GmbH (JFCAT) (Austria)

Others

- JFC RESTAURANT GmbH (JFCR) (Germany)
 - KIKKOMAN MARKETING & PLANNING EUROPE GmbH (KMPEU) (Germany)
 - KIKKOMAN EUROPE R&D LABORATORY B.V. (KEL) (Netherlands)
- and 2 other companies

Japan

Kikkoman Corporation

Foods Manufacturing and Sales

- Kikkoman Food Products Company
- Kikkoman Beverage Company
- Nippon Del Monte Corporation
- Manns Wine Co., Ltd.
- Kikkoman Soyfoods Co.
- Heisei Foods Company
- Edogawa Foods Company
- Hokkaido Kikkoman Company
- Takara Shoyu Co., Ltd.
- Nagareyama Kikkoman Company
- Terra Vert Corporation
- ▲ Higeta Shoyu Co., Ltd.
- ▲ Riken Vitamin Co., Ltd.

Foods Wholesale

- Pacific Trading Co., Ltd.

Others

- Kikkoman Business Service Company
 - Kikkoman Biochemifa Co.
 - Sobu Logistics Corporation
 - Sobu Service Center Inc.
 - Kikkoman Marketing Center Co.
 - Kikkoman Restaurant, Inc.
 - Kikkoman Direct Co.
 - ▲ Kibun Fresh System Co., Ltd.
- and 14 other companies

Oceania

Foods Manufacturing and Sales

- KIKKOMAN AUSTRALIA PTY. LIMITED (KAP) (Australia)

Foods Wholesale

- JAPAN FOOD CORP(AUST)PTY LTD (JFC(AUST)) (Australia)
- JFC NEW ZEALAND LIMITED (JFCNZ) (New Zealand)

Asia

Foods Manufacturing and Sales

- KIKKOMAN (S) PTE LTD (KSP) (Singapore)
- KIKKOMAN TRADING ASIA PTE LTD(KTA) (Singapore)
- DEL MONTE ASIA PTE LTD (DMA) (Singapore)
- SIAM DEL MONTE COMPANY LIMITED(SDM) (Thailand)
- Del Monte Foods (Xiamen) Co., Ltd. (DMX) (China)
- ▲ PRESIDENT KIKKOMAN INC. (PKI) (Taiwan)
- ▲ KUNSHAN PRESIDENT KIKKOMAN BIOTECHNOLOGY CO., LTD.(KPKI) (China)
- ▲ President Kikkoman Zhenji Foods Co., Ltd.(PKZ)(China)

Foods Wholesale

- JFC HONG KONG LIMITED (JFCHK) (China)
- ▲ JFC-Sheng Yuan Hong (Beijing) Trading Co.,Ltd. (JFCBE) (China)

Others

- KIKKOMAN SINGAPORE R&D LABORATORY PTE. LTD. (KSL) (Singapore)
- and 18 other companies

North America

Foods Manufacturing and Sales

- KIKKOMAN FOODS, INC. (KFI) (United States)
- KIKKOMAN SALES USA, INC. (KSU) (United States)
- COUNTRY LIFE, LLC (CLL) (United States)

Foods Wholesale

- JFC INTERNATIONAL INC. (JFC) (United States)
- JFC INTERNATIONAL (CANADA) INC. (JFCI) (Canada)
- JFC DE MEXICO S.A. DE C.V. (JFCM) (Mexico)

Others

- KIKKOMAN MARKETING AND PLANNING, INC. (KMP) (United States)
- KMS SERVICE INC. (KMS) (United States)
- KIKKOMAN USA R&D LABORATORY, INC. (KUL) (United States)

and 8 other companies and 2 companies in South America

Overview(as of March 31, 2012)

Date of Establishment: December 7, 1917

Head Office: 250 Noda, Noda-shi, Chiba 278-8601, Japan

Phone: +81-4-7123-5111

President and CEO: Mitsuo Someya

Paid-in Capital: ¥11,599 million

Number of Employees: 5,316

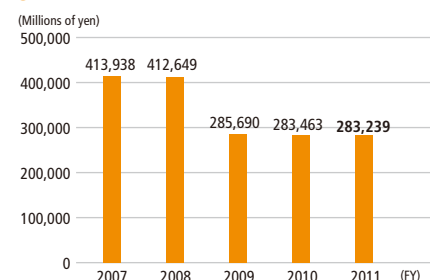
Number of Group Companies:62

(includes consolidated subsidiaries and equity-method subsidiaries and affiliates)

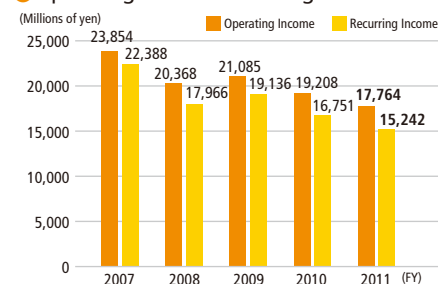
Note: The data refers to Kikkoman Corporation except for "Number of Employees" and "Number of Group Companies."

Financial Highlights

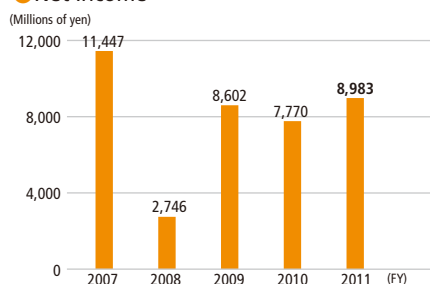
Net Sales



Operating Income/Recurring Income

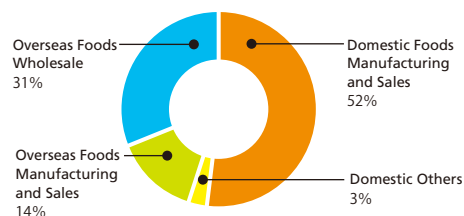


Net Income

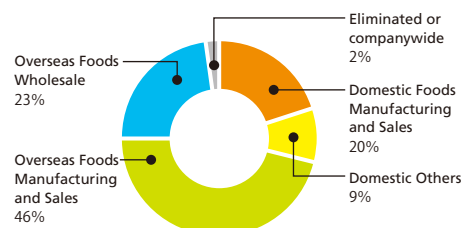


*As of March 31, 2009, TONE Coca-Cola Bottling Co., Ltd., was removed from the scope of Kikkoman's consolidated accounting. This change will affect business results starting in FY2012.

Net Sales by Business Segment (FY2012)



Operating Income by Business Segment (FY2012)



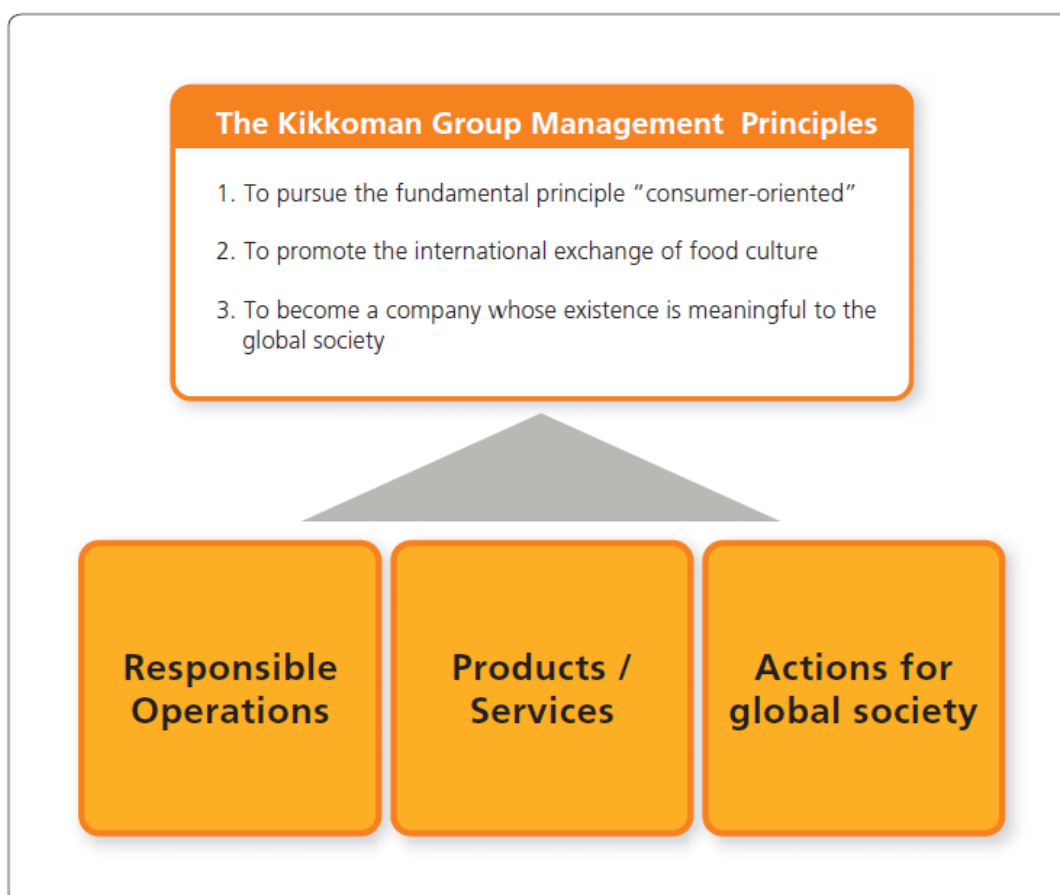
Figures in "Net Sales by Business Segment" do not include transactions between segments.

Corporate Citizenship

Since its establishment, Kikkoman has always regarded a connection with society as being of great importance. This attitude is reflected in our Management Principles. Now that we have come to supply a variety of products and services to customers in more than 100 countries worldwide, we recognize that our responsibilities to global society have grown together with the growth of our business. We aim to become a company that is valued by people around the world and we will continue to implement activities that are aligned with our Management Principles.

The basics of our Management Principles are that we carry out our day-to-day business activities in a reliable and trustworthy manner and that we contribute to the realization of rich and healthy food lifestyles through our products and services. In addition, we aim to fulfill our responsibilities as a public entity and contribute to society through activities that are unique to Kikkoman. We believe that the cumulative pursuit of each and every one of these activities is our corporate social responsibility.

Kikkoman Corporate Citizenship Framework



Key Aspects

Responsible Operations

Fundamental responsibilities
of a corporate citizen

We carry out responsible business operations that respond to the trust and expectations of each of our stakeholders; that comply not only with the law but also with social norms and standards of propriety; and that are in harmony with the environment.

Areas of Focus

- Compliance
- Corporate governance
- Communication with stakeholders
- Environmental activities
- Building talent and fostering a positive workplace

Products / Services

Fundamental functions
of a food company

We deliver products and services of high quality and safety in a stable manner while promoting research and product development that create new value. We also propose new food lifestyles through the fusion of international food cultures.

- Product and service innovations
- Food safety and quality
- Stable supplies
- Delivering new and healthy food experiences

Actions for global society

Kikkoman's initiatives

We contribute to the sustainable development of global society mainly in the areas of "food and health" by promoting activities that are unique to Kikkoman.

- Promotion of Japanese food culture
- Exchange of food cultures across the world
- Shokuiku (Food education)
- Commitment to society through food and health

Kikkoman Group
Corporate Citizenship Report 2012

Environmental Report

Environmental Management

In keeping with its Environmental Philosophy, the Kikkoman Group strives to ensure its corporate activities are compatible with the natural environment while working to preserve the global environment and build a recycling-based society.

Environmental Philosophy

The Kikkoman Group will respect the working of nature, and contribute to the realization of a society comfortable to live in through our corporate activities keeping harmony with the environment.

Action Guideline

We act on our Environmental Philosophy with vigor and creativity.

1. Each of us will try to keep in harmony with the environment in performing one's own duties in all sectors: development, procurement, production, sales and support.
2. In addition to observing laws, we will formulate and observe the rules and regulations of our own.
3. As a member of society, we will participate actively in environmental preservation activities in our local communities.
4. We will study the environment and deepen our understanding.
5. We will think and act from a global point of view.

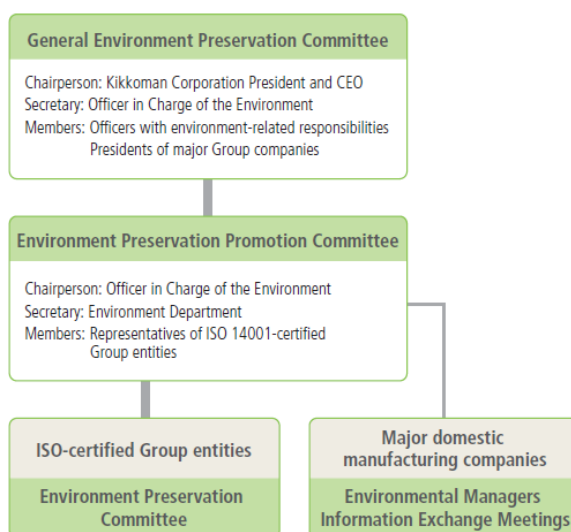
Environmental Preservation System

The Kikkoman Group has established the General Environment Preservation Committee as the decision-making body with responsibility for environmental preservation throughout the Group. The President and CEO of Kikkoman Corporation serves as the chairperson of the Committee, whose responsibilities include drawing up, implementing, and managing the Medium and Long-Term Environment Policy.

The Environment Preservation Promotion Committee, whose membership includes environmental management officers from Group companies, operates beneath the General Environment Preservation Committee to manage and guide environmental preservation activities from a Group-wide perspective. Environment Preservation Committees at each Group worksite take the lead in orchestrating specific activities, while Environmental Manager Information Exchange Meetings linking major companies provide a venue for sharing

information and technologies of importance to the entire Group.

● Framework to Promote Environmental Preservation



Medium and Long-term Environmental Preservation Goals

The General Environment Preservation Committee adopted the following Medium- and Long-term Environmental Preservation Goals in FY2012

Medium and Long-term Environmental Preservation Goal 1

Preventing Global Warming

【Objectives】

- 1) To reduce total CO₂ emissions at major domestic companies at least 15% from FY2006 levels by FY2013
- 2) To reduce CO₂ emissions per unit of production at major domestic companies and major overseas manufacturing companies at least 1% year-on-year

Medium and Long-term Environmental Preservation Goal 2

Reducing and Recycling Wastes and Byproducts

【Objectives】

- 1) To increase the recycling rate at domestic manufacturing companies and major overseas manufacturing companies to at least 99% by FY2015
- 2) To improve methods of recycling wastes and byproducts
- 3) To work actively to increase use of environmentally friendly containers and packaging materials

Medium and Long-term Environmental Preservation Goal 3

Promoting Environmental Management System

【Objectives】

- 1) To acquire ISO14001 certification of all domestic Group facilities as a whole by FY2012
- 2) To actively utilize the PDCA cycle
- 3) To provide environmental education for employees

Medium and Long-term Environmental Preservation Goal 4

Promoting Environmental Communication

【Objectives】

- 1) Collect and disclose environmental information
- 2) Undertake activities with environmental groups

Kikkoman Group companies have pursued an effective program of environmental preservation activities under the management and leadership of the Environment Preservation Promotion Committee. During and after FY2013, the Group will continue to establish new objectives and conduct its business activities in an environmentally friendly manner.

Medium and Long-term Environmental Preservation Goal 1

Preventing Global Warming

To reduce emissions as effectively as possible, the Kikkoman Group manages CO₂ emissions from the dual perspectives of total emissions associated with production activities and emissions per unit of production based on process management.

◇ Objectives

- 1) To reduce total CO₂ emissions at major domestic companies at least 15% from FY2006 levels by FY2013
- 2) To reduce CO₂ emissions per unit of production at major domestic companies and major overseas manufacturing companies at least 1% year-on-year

【Scope】

Objective 1) Reducing total CO₂ emissions

Total of 11 companies: Kikkoman Corporation; Kikkoman Food Products Co.; Hokkaido Kikkoman Co.; Nagareyama Kikkoman Co.; Heisei Foods Co.; Edogawa Foods Co.; Nippon Del Monte Corp.; Manns Wine Co., Ltd.; Kikkoman Biochemifa Co.; Kikkoman Soyfoods Co. and Takara Shoyu Co., Ltd.

Objective (2) Reducing CO₂ emissions per unit of production

Total of 14 companies: Kikkoman Corporation; Kikkoman Food Products Co.; Hokkaido Kikkoman Co.; Nagareyama Kikkoman Co.; Heisei Foods Co.; Edogawa Foods Co.; Nippon Del Monte Corp.; Manns Wine Co., Ltd.; Kikkoman Biochemifa Co.; Kikkoman Soyfoods Co.; Takara Shoyu Co., Ltd.; KIKKOMAN FOODS, INC. (KFI, United States); KIKKOMAN (S) PTE. LTD. (KSP, Singapore); and KIKKOMAN FOODS EUROPE B.V. (KFE, Netherlands)

◇ Initiatives

(1) Review and improve manufacturing processes

Optimize and reduce energy consumption by consolidating factories and achieving greater efficiency in manufacturing processes.

(2) Upgrade equipment

When renewing equipment, switch to more energy-saving and thermal-efficient types to help reduce CO₂ emissions.

(3) Improve efficiency in energy use

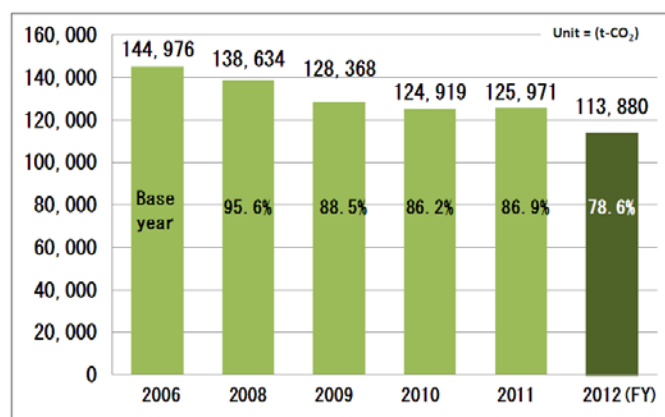
Reduce reliance on grade A fuel oil and switch to natural gas, and use electricity more efficiently to reduce the environmental loads of operations.

◇ FY2012 Review

Reducing total emissions

Total CO₂ emissions for the Kikkoman Group's major domestic companies in FY2012 fell to 113,880 t-CO₂, or 78.6% of the FY2006 level. Consolidation of plants in the Nippon Del Monte and the conversion of boilers to run on natural gas in group companies contributed to the reduction.

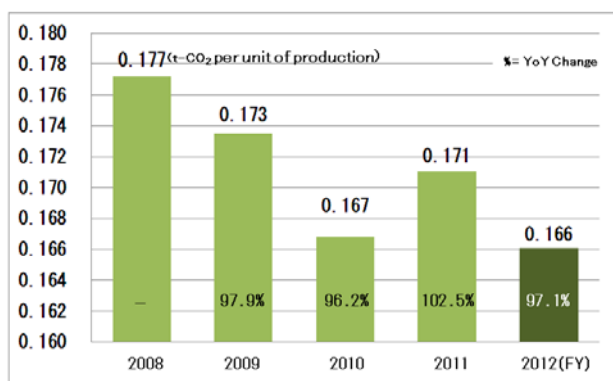
● Total CO₂ emissions (major domestic companies)



Reducing emissions per unit of production

CO₂ emissions per unit of production for major both domestic and overseas Kikkoman Group manufacturing companies in FY2012 fell to 0.166 t-CO₂/ton, or 97.1% of the FY2011 level (a decrease of 0.005 t-CO₂/ton), meeting the objective. This was primarily due to CO₂ reduction efforts by Nippon Del Monte. The entire Group will strive to lower CO₂ emissions per unit of production.

●CO₂ emissions per unit of production



Case Studies

Introduction of Waste-Heat Recovery Pump

Kikkoman Soyfoods Co.

At the Kikkoman Soyfoods Saitama Plant, the soy milk production process uses high-temperature steam from a boiler to sterilize the milk. Once sterilized, the milk is immediately cooled. During this cooling operation, the temperature of the cooling water used to cool the milk rises. The heat in the cooling water is then recovered using a waste-heat recovery heat pump (150 t/h, 180 kW), and used to heat the water supplied to the boiler. In effect, the water is used simultaneously for cooling and heating, saving an estimated 400 t-CO₂ emissions annually.

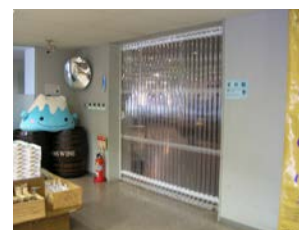


Waste-Heat Recovery Pump

Inverter-Type Air Conditioning

Manns Wine Co., Ltd.

The shop at the Manns Wine Katsunuma Winery originally had five air conditioner units; however, they were unable to cool the shop efficiently with the many customers entering and leaving. Efficient temperature control has now been achieved by replacing these units with four new inverter-type air conditioner units and installing a dividing wall between the shop and the museum display section. As a result, electricity usage for air conditioning has been reduced by 45%.



Inverter-Type Air Conditioning

Improved Thermal Efficiency Using Heat Insulation Paint

Nippon Del Monte Corp.

Nippon Del Monte Corp. used a heat insulating paint to coat the pasteurizer-cooler on its apple sauce line and can line. The goal was to control radiated heat from the product sterilization process and reduce energy consumption. The paint was also used to coat the roof of the entire apple sauce line, helping the interior air conditioners to function more effectively. Developed from ceramics used in the NASA space shuttle project, the paint has a powerful ability to reflect and disperse the sun's energy. In this way, it greatly reduces the amount of heat that enters through the roof of the plant, improving the working environment inside.



Applying heat insulating paint

Medium and Long-term Environmental Preservation Goal 2

Reducing and Recycling Wastes and Byproducts

In addition to raising the recycling rate for waste products and byproducts, the Kikkoman Group is pursuing qualitative improvements in recycling in keeping with the objective of the Food Recycling Law as well as Kikkoman's Guidelines for Containers and Packaging.

◇ Objectives

- 1) To increase the recycling rate at domestic manufacturing companies and major overseas manufacturing companies to at least 99% by FY2015
- 2) To improve methods of recycling wastes and byproducts
- 3) To work actively to increase use of environmentally friendly containers and packaging materials

【Scope】

Objective 1) Domestic manufacturing companies and major overseas manufacturing companies

Objective 2) All Kikkoman Group companies

Objective 3) All Kikkoman Group companies

◇ Initiatives

(1) Improve the recycling rate.

By examining causes that prevent recycling wastes and byproducts, actively promote the 4Rs (refuse, reduce, reuse, and recycle).

(2) Improve methods of recycling wastes and byproducts.

Strive to more effectively utilize wastes and byproducts, for example by optimizing production volumes, reducing material use, and improving process yields, in order to reduce byproducts, and processing residues as well as wastes.

(3) Strive to adopt environmentally friendly containers and packaging materials

Step up efforts to promote environmentally friendly containers and packaging materials under Kikkoman's Guidelines for Containers and Packaging while reviewing their materials, volume, usage, and post-consumption collection and processing methods.

Kikkoman's Guidelines for Containers and Packaging

1. Reduce containers and packaging.
2. Use returnable and reusable containers and packaging for our products.
3. Consider applying shapes, designs and materials to containers and packaging that facilitate simple collection and reuse. Repackage current products in new containers and packaging in compliance with the relevant laws and regulations of each country.
4. Make greater use of sustainable resources.
5. Increase procurement from environmentally conscious suppliers and vendors.
6. Use materials whose chemical compositions and shapes have been verified as being safe to humans.
7. Incorporate feedback from customers and information on where and how they purchase and use our products into the development of new containers and packaging.
8. Develop containers and packaging with universal designs to make them easy to use for a diverse range of customers.

◇ FY2012 Review

Improving the recycling rate

The recycling rate for major domestic and overseas manufacturing companies during FY2012 was 97.9%, a 2.3% improvement over FY2011's rate of 95.6%. Sludge recycling at Kikkoman Biochemifa's Kamogawa Plant contributed to the improvement. Going forward, we will redouble our efforts to achieve our target recycling rate of 99% (FY2015).

Improving methods of recycling wastes and byproducts

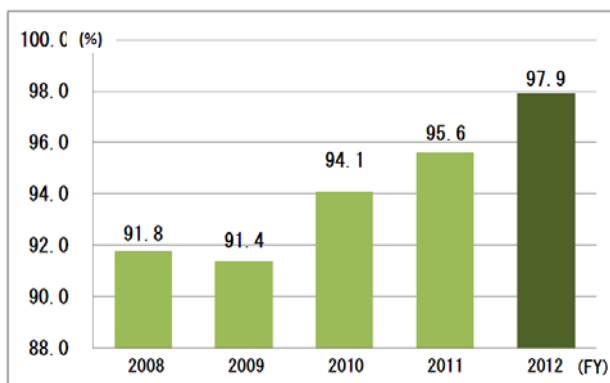
The Kikkoman Group is working to more effectively recycle food-related wastes and

byproducts, sludge, cleaning residues, and waste plastic.

During FY2012, we focused on the effective utilization of food-related byproducts (soy sauce cake, soy sauce oil, okara [bean curd refuse], mirin cake, apple residue, grape residue, seaweed extraction residue, and bonito and kelp soup extraction residues), in particular by boosting reuse as feed, a high-priority area and enhanced quality as defined in the Food Recycling Law.

As a result, the waste and byproduct recycling rate at major domestic manufacturing companies reached 97.9%

●The waste and byproduct recycling rate (major domestic and overseas manufacturing companies)



Increase use of environmentally friendly containers and packaging materials

During FY2012, Kikkoman Foods reduced the weight of its 1.8ℓ semi heat-resistant plastic bottles from 72g to 69.5g (a reduction of about 3.5%) by adjusting thickness of plastic and handles as well as lowering a product height. Also, plastic labels used for 500ml and 1ℓ Hon-Tsuyu were thinned from 50 μm to 35 μm. This was made possible by improving film materials and plastic label lines. The thinner labels now have a better perforation, so it became easier to tear off when disposed.

Manns Wine adopted aluminum cans. They are suited for recycling and lighter in compared to glasses, which contribute to reduce energies consumed during transportations.



Old 1.8ℓ heat-resistant bottle

New 1.8ℓ heat-resistant bottle

Case Studies

Improved Recycling Efficiency of Waste Products and Byproducts

Kikkoman Group

The Kikkoman Group is working to recycle and reuse waste products and byproducts. Kikkoman Food Products Company achieved 100% conversion of soy sauce cake into animal feed in FY2009. At Nippon Del Monte, 100% of the apple and tomato residue and other vegetable sludge emitted from the Nagano and Gunma Plants are recycled as fertilizer. At Manns Wine, 100% of vegetable residue, sludge, non-burnable items, cardboard and wood chips are recycled. At Kikkoman Soy Foods, 99.9% of waste is similarly recycled. The Kikkoman Group is also promoting recycling at its various overseas Group companies.

Introduction of Aluminum Cans for Wine

Manns Wine Co., Ltd.

Manns Wine Co., Ltd. became the first major wine brewers in Japan to use aluminum cans in February 2012, with the launch of its new “LA LA VIN” series. This has made it easier to handle the product during distribution as well as during consumption. At the same time, it has realized environmental benefits in terms of package recycling and lower energy requirements for transportation.

In recycling, the new packaging can easily be separated into the components of “aluminum” and “label,” and allows the use of existing aluminum recycling systems. In terms of transportation, the weight difference between a 300 ml aluminum can (approximately 20 g) and an equivalent glass bottle (approximately 270 g) add up to a 44% reduction in overall product weight. A rough calculation shows that this will allow an additional 13,272 cans to be loaded onto a 10 t truck, a transport efficiency improvement of 87% that helps to reduce energy use.



Aluminum Cans

Medium and Long-term Environmental Preservation Goal 3

Promoting Environmental Management System

The Kikkoman Group has acquired ISO14001 certification of all major domestic facilities as a whole. We will build a more efficient Group-wide environmental management system and implement more sophisticated environmental management.

◇ Objectives

- 1) Acquire ISO14001 certification of all major domestic Kikkoman Group facilities as a whole by FY2012 and promote the system.
- 2) Step up use of the PDCA (Plan-Do-Check-Act) management.
- 3) Provide environmental education for employees.

【Scope】

Objective 1)

Kikkoman Corp.; Kikkoman Food Products Co.; Kikkoman Beverage Co.; Kikkoman Business Service Co.; Nagareyama Kikkoman Co.; Hokkaido Kikkoman Co.; Heisei Foods Co.; Edogawa Foods Co.; Nippon Del Monte Corp.; Manns Wine Co. Ltd.; Kikkoman Biochemifa Co.; and Kikkoman Soyfoods Co.

Objective 2)

Applies to all Kikkoman Group companies.

Objective 3)

Applies to all Kikkoman Group companies.

◇ Initiatives

(1) Acquiring ISO 14001 certification of all major domestic Group facilities as a whole

Work to acquire certification for all facilities and promote the system through specific activities in each workplace.

(2) Perform internal audits

Establish objectives and policies concerning environmental preservation activities from a Group-wide perspective, put the Group on a footing that facilitates the exchange of information while regularly reviewing the results of worksite efforts to meet objectives and follow policies, and leverage these activities to improve the environmental management system. Continue to conduct internal environmental audits of domestic and overseas group companies.

(3) Provide environmental education for employees

Offer training for new and mid-level employees to give them a global and ecological perspective as well as an understanding of the importance of environmental preservation, and to motivate them to work to address related issues. Provide highly specialized training for environmental managers and administrators.

◇ FY2012 Review

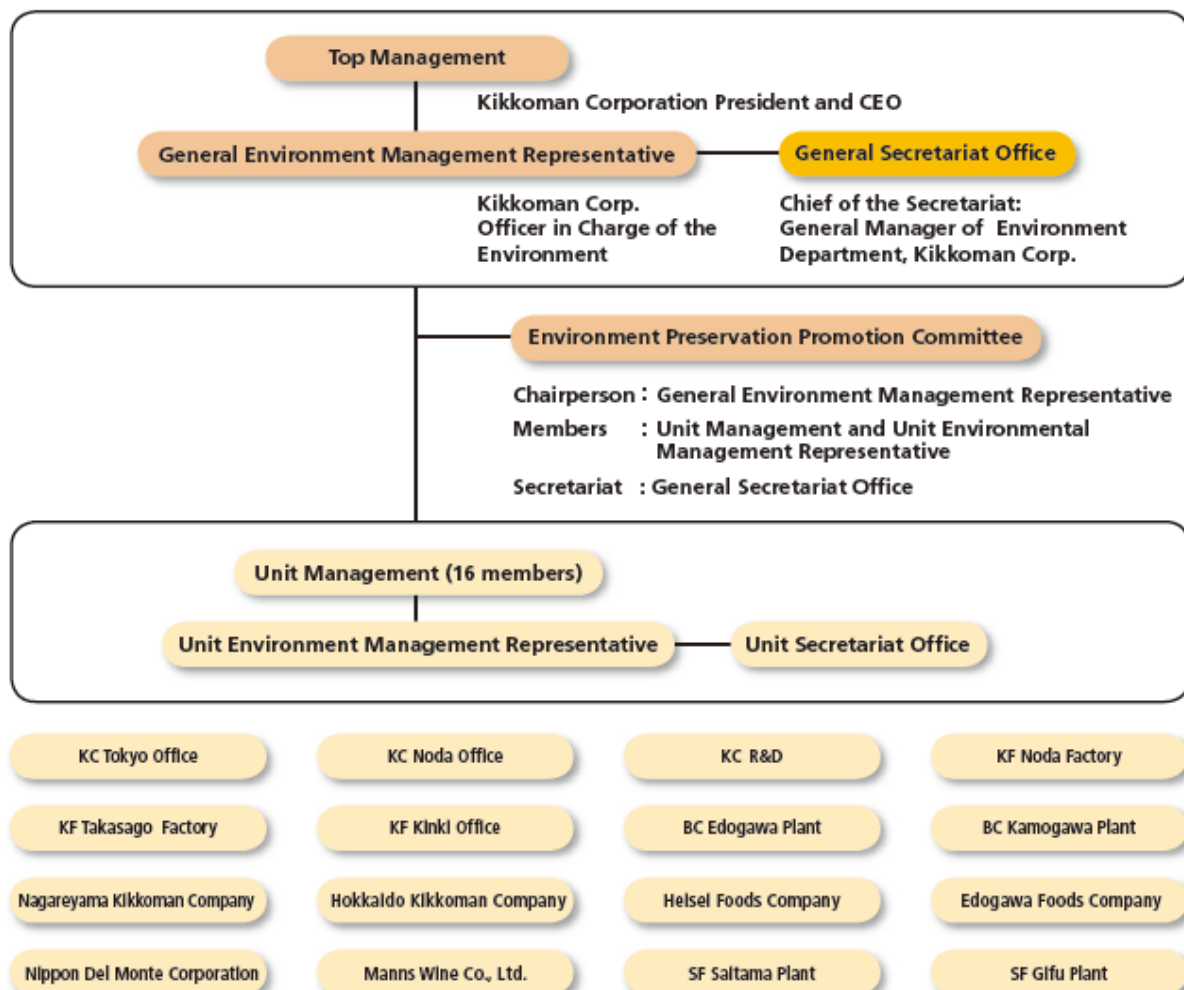
Acquisition of ISO14001

The Group has worked to acquire ISO14001 certification of all major domestic Group facilities as a whole and obtained the certification in June, 2011. Going forward, the Group will pursue the better environmental management by enhancing the internal communication and continuously improving this system.



ISO14001 Certification

● Framework to Promote ISO 14001



KC=Kikkoman Corp. KF=Kikkoman Food Products BC=Kikkoman Biochemifa SF=Kikkoman Soyfoods

Case Studies

Environmental Education for Contractors and Suppliers Nippon Del Monte Corp.

Nippon Del Monte holds regular conferences with its contractors about reducing environmental loads. In FY2012, the company held two conferences at its Nagano Plant with contractors who have large environmental loads. At the Gunma Plant, Del Monte Nippon conducted an explanation of environmental initiatives for its plants to 10 maintenance-related contractors, and asked for their cooperation. At the head office, the company held explanation meetings about ISO14001 for the contracted building management and transportation companies.



The Gunma Plant,
Nippon Del Monte

Medium- and Long-term Environmental Preservation Goal 4

Promoting Environmental Communication

The Kikkoman Group strives to facilitate the mutual sharing of information in an effort to practice environmental preservation more effectively by disclosing such information to stakeholders and soliciting their views and opinions. We also work closely with environmental groups so that we can bring the Group's information, technologies, and experience to bear on environmental preservation activities.

◇ Objective

- 1) Collect and disclose environmental information.
- 2) Undertake activities with environmental groups.

【Scope】

All Kikkoman Group companies

◇ Initiatives

(1) Collect and disclose environmental information.

Compile and publish the Corporate Citizenship Report, the Environmental Accounting, and the Environmental Preservation Activities Case Book. Hold seminars and give presentations at exhibitions and tradeshow.

(2) Undertake activities with environmental groups.

Work in partnership with industrial, governmental, and educational groups as well as NPOs to undertake various activities. Take steps to strengthen the collection of information related to the preservation of biodiversity.

◇ FY2012 Review

Principal environmental communication programs undertaken during FY2012

Name	Date	Target audience	No. of participants
Publication of the Corporate Citizenship Report	July 2011	General public	—
Training at private companies for school teachers program	August 2011	Kunitachi Board of Education	10
University Internship	August 2011	Students at Chiba and Tokyo Kasei Universities	4
JICA Malaysia Environmental Lecture	September 2011	Department of Environment Malaysia	20
Revision of the Environmental Preservation Activities Case Book	October 2011	General public	—
Eco-Learning Program	October 2011	Fourth-graders	74
Environmental Lecture at Kanagawa Institute of Technology	November 2011	Students at Kanagawa Institute of Technology	40
Eco-Products 2011 exhibit	December 2011	General public	180,000
Environmental Lecture at the High Pressure Gas Safety Institute	January 2012	the High Pressure Gas Safety Institute of Ibaragi	10
Environmental Lecture at NPO	March 2012	Organization of Environment & Safety Education Support	40
Activities with outside environmental groups	Throughout year	Group companies	—
Environmental Lecture at Kikkoman Group companies	Throughout year	Group companies	—
Providing environmental news	Throughout year	Group companies	—
Providing legal information	Throughout year	Group companies	—

Case Studies

Contribution to Preservation of Singapore' s Natural Environment KSP

As part of its 25th anniversary, Kikkoman (S) Pte Limited (KSP) made a donation of S\$1 million to a project called Kingfisher Lake. The man-made lake was created in a section of Singapore' s Gardens by the Bay, a national park being developed by the Singaporean government. The theme of the project is the ability of aquatic plants to purify water. The lake project provides residents and travelers with a green space, and is designed to showcase Singapore' s concept of striving to coexist with nature. It has been designed with special biotope features such as functions for cleaning of the water by aquatic plants, nutrient enrichment of the water, and nurturing of aquatic creatures. The Singaporean government awarded KSP with a "Nature Heritage Tree" * at a ceremony for promoting beautification and greenery, in recognition of the company' s contribution to the greening of Singapore.



*Nature Heritage Tree . . . The 80-year old Rain Tree is planted close to the top of Fort Canning Hill. At the base of the tree a plaque reads, "The heritage tree is dedicated to Kikkoman in appreciation of their support for the Garden City Fund."

Environmental Lecture for Persons of Malaysia Environmental Department KC

In September 2011, 20 people involved in environmental preservation in Malaysia visited Kikkoman to hear an explanation about the Kikkoman Group' s environmental preservation policy and examples of its activities, to ask questions, and to take a tour of the site. This event was part of a training course in technologies for preventing environmental damage in Malaysia, organized by the Environmental Personnel Development Center through the Japan International Cooperation Agency (JICA). The goal was to broaden participants perspectives by having them learn about cases of environmental preservation in Japan. Kikkoman agreed to provide a part of the schedule for the visitors' time in Japan at the request of the Environmental Personnel Development Center.



Environmental Risk Management

In addition to ensuring compliance with environmental laws and regulations, the Kikkoman Group strives to reduce environmental risk as part of its daily operations by observing voluntary management standards.

◇Principal Environmental Risk Management

The Kikkoman Group's main approach to environmental management includes the following components:

(1) Water Pollution Prevention

We establish voluntary standards and pay particular attention to the maintenance of wastewater quality and prevention of river water pollution, as we use and discharge large volumes of water in our manufacturing and cleaning processes.

(2) Manual for the Proper Disposal of Industrial Wastes

We sort industrial waste before disposal, work to reduce industrial waste as little as possible, and pursue recycling. In Japan, we contract the collection, transfer, processing, and disposal of industrial waste to licensed service providers. We compiled the Kikkoman Manual for the Proper Disposal of Industrial Wastes and strive to ensure that waste is disposed of in an appropriate manner.

(3) Noise, Vibration, and Odor Prevention

In an effort to prevent noise, vibration, and odors, we have been installing quieter machines and soundproof/sound-absorbing walls in our plants. Noise and vibration levels are regularly monitored along the boundaries of our plants to ensure that they do not exceed the levels prescribed by local community regulations.

(4) Air Pollution Prevention

In addition to observing regional regulations on the concentrations and total amounts of sulfur oxides (SO_x), nitrogen oxides (NO_x), and soot and particulate emissions, we seek to control these emissions by establishing voluntary standards at each of our plants.

(5) Black Mold Pollution Prevention

Trees, roofs, and walls of houses in the vicinity of soy sauce and mirin factories could become darkened due to the presence of *Aureo basidium*, a microbe that propagates through the intake of alcohol and whose presence can generate a black pigment on material surfaces. In consideration of local residents' potential reactions to such infestation, Kikkoman Group hermetically seals the source of emissions, installs cleaning devices on air ducts, and recovers alcohol content from discharged gases in order to prevent the microbe from spreading to residential areas.

Case Studies

Wastewater Treatment at Gunma Plant Nippon Del Monte Corp.

At Nippon Del Monte's Gunma Plant, wastewater emitted from the manufacturing process is treated using the active sludge method. In the process, high-temperature wastewater flowing into the regulating tank caused a problem because the rising water temperature in the tank reduced the ability of the system to treat wastewater. To lower the temperature of the wastewater, the heat in the wastewater of the tank was exchanged with well-water.

In another initiative, the recovery fluid from the line that had been directly discarded as wastewater was temporarily stored in Stock Tank and fed little by little to the wastewater treatment process, thereby reducing fluctuations in the wastewater load.

These measures have improved the wastewater treatment system at the plant.



Stock Tank

Preventing Black Mold Pollution Kikkoman Group

At Kikkoman Group brewing plants for manufacturing soy sauce, mirin, wine and other products, alcohol is fermented from yeast. This alcohol can sometimes leak out during the process, giving rise to microbes that live on it, and emit black pigment. While it has been shown that these microbes do not affect human health, they can attach themselves to some of the buildings and trees around a plant, making them black.

The Kikkoman Group has taken steps to control the causes of these microbes and is promoting measures to prevent black pollution. Open fermentation tanks at each plant have been replaced with sealed type, and alcohol is recovered from within the exhaust gas, and the Group monitors the level of alcohol in the air around the plants.



Large Fermentation Tanks (Sealed type)

Energy, Resource and Discharge Flows

The Kikkoman Group is striving to reduce the environmental loads of its operations by controlling the consumption of energy and materials on production lines, making manufacturing processes more efficient, and developing more readily recyclable containers and packaging for its products.

◇Environmental Products Lifecycle Management

The Kikkoman Group manufactures and sells an assortment of products, including soy sauce, soy sauce derivative products, beverages, ketchup, wine, and soymilk, etc. to customers both within and outside Japan. In the process of manufacturing these products, we consume not only raw materials but also energy, water, and packaging materials; and we discharge solid, liquid, and gas wastes.

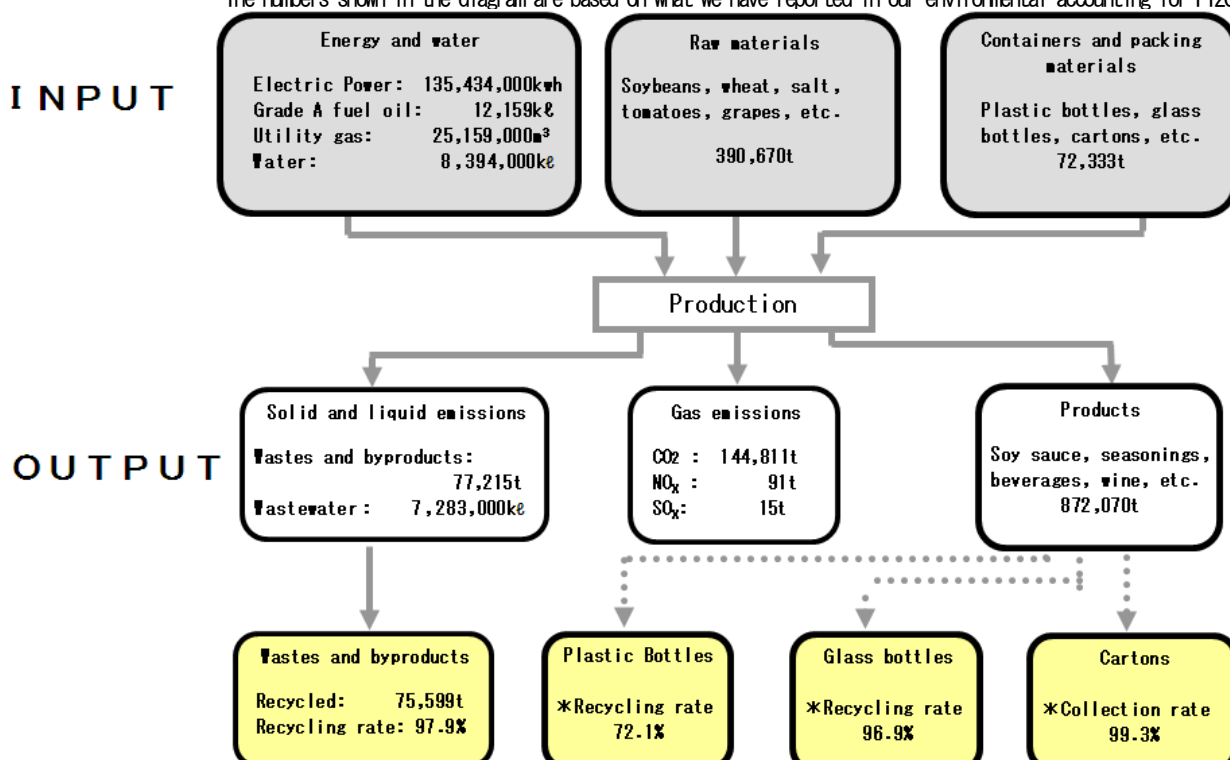
The Kikkoman Group strives to minimize the environmental loads of its manufacturing activities by seeking to consume less energy, water, and materials in manufacturing processes; improve efficiency in manufacturing and energy use; and reduce wastes. We also attempt to reduce the environmental loads of products after consumption by developing and using more readily recyclable containers and packaging materials such as glass and plastic bottles and cartons.

【Scope】

The data presented in this diagram applies to the following 13 companies: Kikkoman Food Products Co.; Hokkaido Kikkoman Co.; Nagareyama Kikkoman Co.; Heisei Foods Co.; Edogawa Foods Co.; Nippon Del Monte Co.; Manns Wine Co., Ltd.; Kikkoman Biochemifa Co.; Kikkoman Soyfoods Co.; Takara Shoyu Co., Ltd.; KIKKOMAN FOODS, INC. (KFI, United States); KIKKOMAN (S) PTE. LTD. (KSP, Singapore); and KIKKOMAN FOODS EUROPE B.V. (KFE, Netherlands).

● Energy, Resource and Discharge Flows for FY2012

The numbers shown in the diagram are based on what we have reported in our environmental accounting for FY2012.

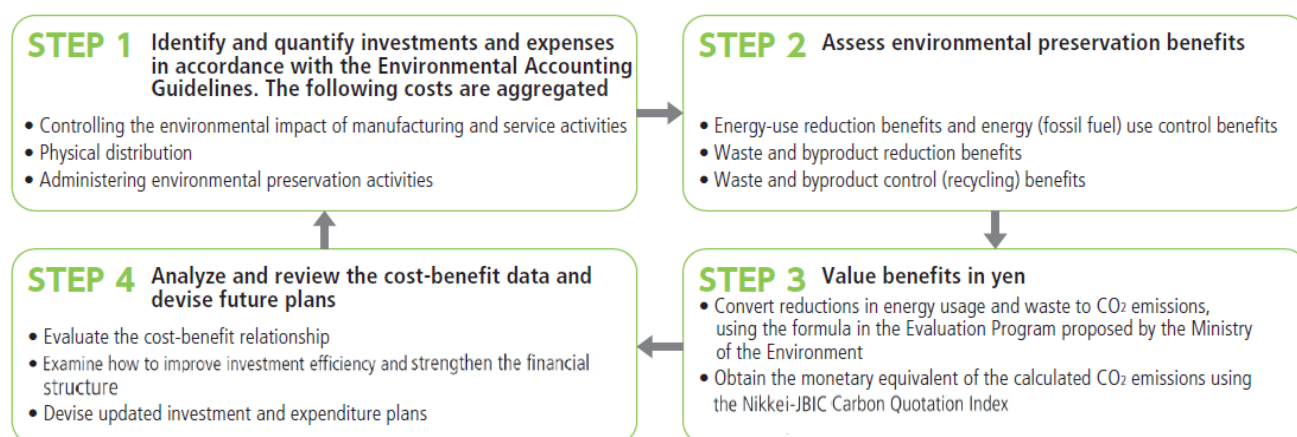


*The recycling rates for plastic bottles and glass bottles and the collection rate for cartons reflect action by customers. These figures have been calculated based on information published by respective trade organizations for FY2011.

Environmental Accounting

The Kikkoman Group quantifies and assesses from multiple perspectives the costs and benefits of its operations in relation to environmental preservation. This helps us pursue efficient environmental preservation practices.

◇Environmental Accounting Scheme



◇Environmental Accounting for FY2012

【Scope of reporting】

Kikkoman Food Products Co. including Hokkaido Kikkoman Co., Nagareyama Kikkoman Co., Heisei Foods Co., Edogawa Foods Co.; Nippon Del Monte; Manns Wine Co., Ltd.; Kikkoman Biochemifa Co.; Kikkoman Soyfoods Co.; Takara Shoyu Co., Ltd.; Kikkoman Foods, Inc. (KFI, United States); Kikkoman (S) Pte. Ltd. (KSP, Singapore); Kikkoman Foods Europe B.V. (KFE, Netherlands) .

【Reporting Period】

April 1, 2011 – March 31, 2012

Category	Kikkoman Food Products Co.	Nippon Del Monte Corp.	Manns Wine Co., Ltd.	Kikkoman Biochemifa	Kikkoman Soyfoods	Takara Shoyu Co., Ltd.	KFI	KSP	KFE	Total
Environmental preservation investments and expenses										
Environmental preservation investments	104	5	6	62	273	6	44		3	503
Environmental preservation expenses	1,386	129	27	103	373	51	144	11	29	2,253
Environmental preservation benefits										
Energy use reduction	1	4								5
Energy (fossil fuel) control	1	—	—	—	—	—	—	—	—	1
Waste and byproduct reduction		1		1			—1			1
Waste and byproduct control (recycling)	18	2			10		10	1	1	42
Total	20	7		1	10		9	1	1	49

(Rounded to the nearest million yen)

◇FY2012 Review

Environmental preservation investments

Environmental preservation investments in FY2012 totaled ¥503 million, a reduction of ¥142 million from FY2011. The decline was primarily due to the completion of the higher pollution mitigation investments associated with addition of a new filling facility at Kikkoman Food Products' Noda Factory.

Environmental preservation expenses

Environmental preservation expenses in FY2012 totaled ¥2,253 million, an increase of ¥94 million from FY2011. The increase was primarily due to an increase in resource recycling expenses related to industrial waste at Kikkoman Food Products.

Environmental preservation benefits

Environmental preservation benefits in FY2012 totaled ¥49 million, a reduction of ¥88 million from FY2011.

The decline was primarily due to a fall of market price of CO₂ in the Nikkei-JBIC Carbon Quotation Index, a decline from ¥1,471.5/t-CO₂ in FY 2011 to 431.3 ¥/t-CO₂ in FY2012.

Ignoring the conversion to the monetary value, the CO₂ emissions of the environmental preservation benefits in FY2012 totaled 131,799t-CO₂, an increase of 37,902t-CO₂ from 93,897t-CO₂ in FY2011.

For detailed information about the method used to estimate environmental preservation benefits and a complete environmental accounting report, visit our website.

URL: <http://www.kikkoman.co.jp/csr/>

Kikkoman Group
Corporate Citizenship Report 2012

Social Report

For Our Customers

In addition to providing safe and high-quality products through product quality assurance activities, we utilize feedback from customers in initiatives to improve customer satisfaction.

◇ The Kikkoman Group's Approach to Safety and Peace of Mind

The Kikkoman Group considers the safety of the products and services it provides to be our highest priority. In order to supply safe products to our customers, we rigorously examine quality assurance based on corroborative evidence in every process, from ingredient selection to the final product stage, as part of a robust food safety system.

At the same time, we emphasize providing customers with products that inspire peace of mind. At the Kikkoman Group, we believe that peace of mind comes from building relationships of deep trust by communicating the safety of our products in an easy-to-understand manner. In short, we strive to improve customer satisfaction by assuring product safety and customers' peace of mind.

◇ Quality Assurance for the Purpose of Providing Safety and Peace of Mind

The Kikkoman Group pursues a range of quality assurance activities conceived to provide safety and peace of mind. Our quality assurance examinations extend from the product

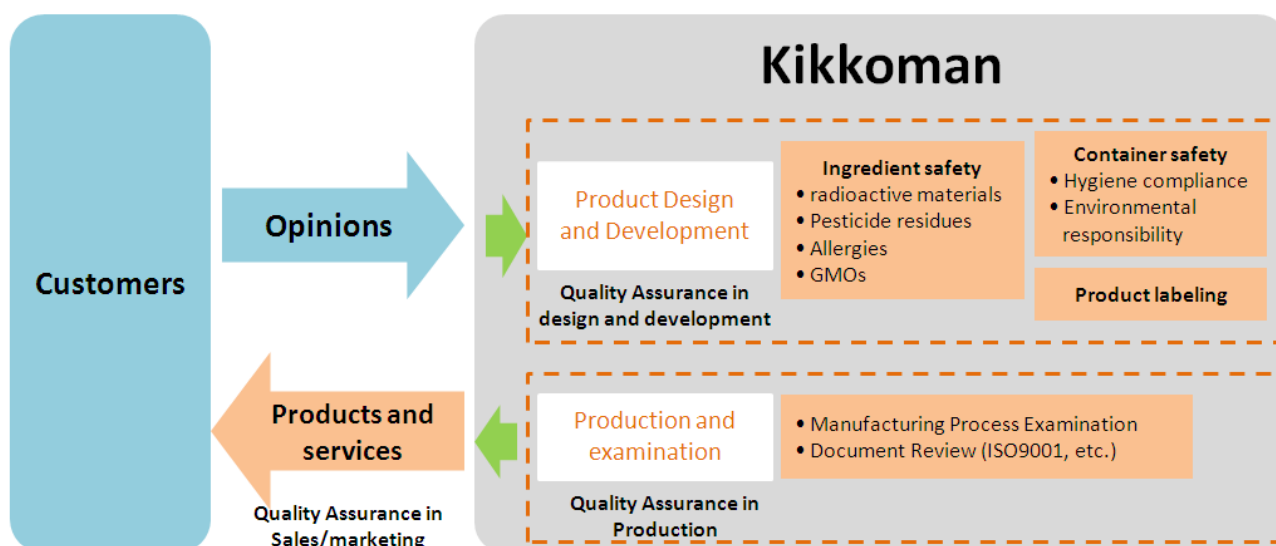
development stage to ingredient production sites, processing, manufacturing, sterilization, product packaging, and labeling based on Food Sanitation Act and Act for Standardization and Proper Labeling of Agricultural and Forestry Products. We also examine product patentability along with trademark and related regulations, and the Quality Assurance Committee only approves the manufacture of a new product after it passes examination.

◇ Systems for providing safety to customers

The Kikkoman Group Quality Assurance System

Following its October 2009 conversion to a holding company based organization, the Kikkoman Group has been pursuing quality assurance activities under the direction of the Kikkoman Corporation Quality Assurance Department. Quality assurance departments have been established at each Group company, and we strive to provide safe products and services that comply with all applicable laws and reflect the principle of social fairness through the activities of the Quality Assurance Committee and Group Quality Assurance Coordination Committee.

●Kikkoman Group's Quality Assurance Flow



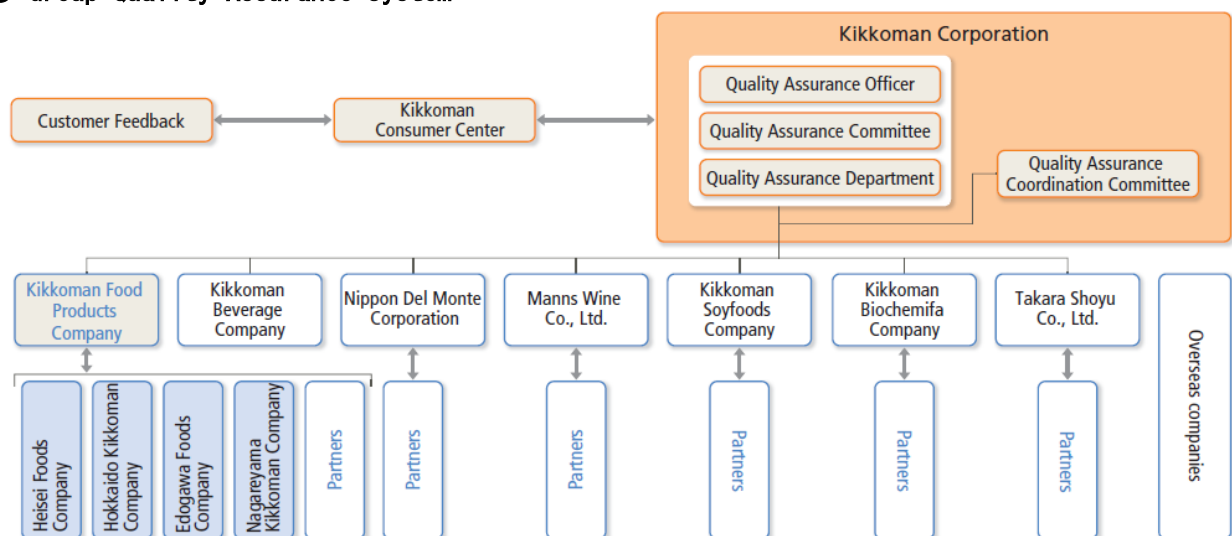
Quality Assurance Committee

Kikkoman established the Quality Assurance Committee in 1986 with a membership consisting primarily of department heads and top management in order to spearhead efforts to ensure the safety of the company's products. The committee was reorganized in October 2009 to cut across the Group horizontally, with participation from managers from research and legal affairs departments; production administration, sales, and product development departments at Kikkoman Food Products Company and Kikkoman Beverage Company; ingredient procurement departments and the Kikkoman Consumer Center at Kikkoman Business Service Company; and quality assurance departments at all Group companies. We will continue to pursue Group-wide quality assurance activities in an effort to enact Group quality policies and guidelines; address issues; and supply safe products and services that comply with all applicable laws and reflect the principle of social fairness.

Initiatives to Enhance the Group's Quality Assurance System

In order to enhance our quality assurance activities, the Kikkoman Group Quality Assurance Liaison Committee was launched in October, 2009. The Committee members strive to improve their quality assurance system through discussions such as: issues that each company face, finding common problems among the group companies as well as responses to the problems, actions to the current events, responses to revised laws/regulations, and sharing information about incidents. Also, the committee further improves the network among the group companies overseas to build better global quality assurance system.

● Group Quality Assurance System



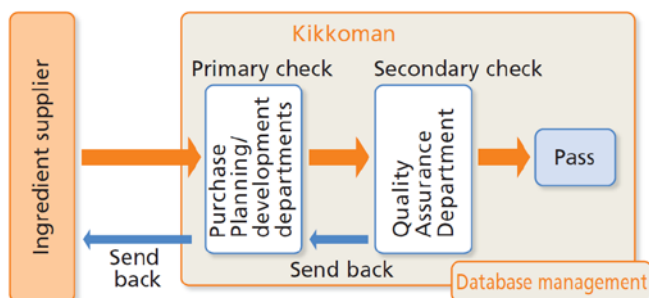
Quality Assurance Department

In 1985, Kikkoman became one of the first food industry companies in Japan to establish a Quality Assurance Department. Since then, the department has adopted the customer's perspective as it conducts rigorous quality assurance reviews of all processes from ingredient procurement to product sales from the standpoint of assuring safety, legal compliance, and social fairness. Products that do not pass these reviews, which form the lynchpin of Kikkoman's quality assurance program, are not brought to market. Kikkoman Corporation's Quality Assurance Department also serves as the secretariat of the Quality Assurance Committee. Working with individual Group companies' quality assurance departments, the department strives to provide safe products and services that customers can use with confidence and peace of mind.

◇ Quality Assurance in the Product Development Phase

At Kikkoman, using safe ingredients and materials is a top priority in ensuring food safety. We track country of origin information on all of our ingredients and materials and thoroughly examine them for safety and legal compliance, covering the following areas:

● Kikkoman's Process for Verifying Ingredient Specifications



Investigating and Verifying Allergens

When any of the 7 ingredients legally required by the Food Sanitation Act to be listed on labels as “known to cause allergic reactions” or any of the 18 ingredients for which listing is recommended are used in a product, we specifically list those ingredients on product packaging. We also work to increase the reliability of our allergen labeling by conducting voluntary inspections of ingredients as necessary.

● Ingredients legally required or recommended to be listed on labels

Ingredients legally required to be listed on labels	Eggs, milk, wheat, buckwheat, peanuts, shrimp, crab
Ingredients recommended to be listed on labels	Abalone, squid, salmon roe, oranges, kiwi fruit, beef, walnuts, salmon, mackerel, soybeans, chicken meat, bananas, pork, matsutake mushrooms, peaches, yams, apples, gelatin

Checking the Safety of Ingredients and Materials Made from Beef

To address the issue of BSE (bovine spongiform encephalopathy, commonly known as mad cow disease), we use only ingredients and materials made from beef that has been verified as totally safe. Whenever possible, we substitute ingredients and materials that are not made from beef.

Screening for Residual Agricultural Chemicals

Kikkoman screens all domestic and imported ingredients and materials for agricultural chemicals. Since 2004, we have taken the additional step of ensuring food safety by conducting voluntary checks for residual agricultural chemicals contained in farm produce, such as grains, beans, vegetables,

and fruits, to verify that their usage is properly controlled. In response to the Positive List System for Agricultural Chemical Residues in Foods under the revised Food Sanitation Act, we developed efficient and accurate analytical methods in 2007 to enable about 300 commonly used agricultural chemicals to be analyzed at once, facilitating more effective and reliable testing for pesticide residues.

Use of Non-GMO (Non-genetically Modified) Produce

Kikkoman uses IP-handled*¹ non-GMO marudaisu*² (soybeans), a raw ingredient for soy sauce. Regular voluntary inspections ensure that such raw ingredients and materials are non-GMO products. We have also shifted to non-GMO products for our defatted soybeans.

*¹ Marudaisu: Soybeans that are not defatting-processed.

*² IP (identity preserved) handling: IP handling controls the sorting of non-GMO produce and GMO produce in each phase of production, distribution, and processing so that the two types of produce are never mixed. Documentation verifies the details of these controls.

Microbial Treatment

In order to protect our products from microbes and ensure safety, Kikkoman carefully develops our products and gives special consideration to proper sterilization and filling conditions. There are a variety of microbes that affect food products and the range of microbe resistance derives from food characteristics. Therefore, it is very important to adopt sterilization methods that have been optimized to provide maximum safety on a product-by-product basis.

We target bacteria for sterilization depending

on the salinity, water activity, pH level, and other characteristics of specific food products. In addition, we use indicator bacteria to check if they grow in the target products as well as measuring the heat resistance of bacteria targeted for sterilization in each food product.

After these examinations, we determine sterilization conditions based on judgments concerning compatibility with the manufacturing plant, containers, and other aspects of production.

Container and Packaging Safety and Pursuit of Better Designs

All containers and packaging that we use are checked to ensure that their materials and designs meet the standards of the Food Sanitation Act as well as our own internal safety guidelines. Also, based on the concept of “Universal Design,” we continue improving designs of our products.

【Examples of the Improved Designs】

• Soy sauce caps.

The soy sauce plastic bottles have newly designed easy-to-open cap. (①)

①



Also, the seal inside the cap has a better structure that allows users to hold it more easily. (②)。

②



• Plastic Labels

With improved perforations, it has become easier to remove the plastic labels from bottles.

• 500mℓ Fresh Soy Sauce Package

The cap of 500mℓ Fresh Soy Sauce has hexagonal shape, so it is easier to hold and open the cap.

• 1.8ℓ Bottle with Handle

The handle has a better shape, so it is easier to hold.

◆ Quality Assurance in the Production Phase

Quality Assurance in the Production Phase

In order to supply customers with safe, high-quality products, the Kikkoman Group has received certification under the ISO9001 international quality control standard for most of its Japanese plants. Furthermore, Kikkoman Food Products Company manages its production activities in accordance with a proprietary quality control system that combines (1) an ISO9001 system (an international model for quality control systems for products and services), (2) GMP standards (standards for equipment and work procedures at facilities that produce food products), and (3) the HACCP concept (a mechanism for preventing food accidents). The company also strives to manufacture safe products by conducting quality inspections as necessary during each production process.

Monitoring Quality Control

Kikkoman has put in place a system for monitoring quality control to ensure that customers can use Kikkoman brand products with confidence and peace of mind no matter where in the world they are. Managers with

specialized knowledge extending beyond the plant in which they work provide comprehensive and regular monitoring of food product hygiene, equipment management, and other aspects of operation at the Group's Japanese and overseas manufacturing plants.

Original Equipment Manufacturers (OEM) manufacture a certain amount of the Kikkoman products. In order to assure quality of those products, we monitor the OEM based on our OEM assessment sheet that consists of 70 questions. The questions cover the following categories: administration, building / facilities, sanitation in general, raw materials, production, foreign materials, examination, and shipping. Before conducting site audits, the OEM are requested to implement self assessments. By comparing results of audits and self assessments, we strive to further improve our quality assurance system.

Traceability

Traceability refers to a condition that products and raw materials used for specific products can be traced by their manufacturer. Kikkoman pursues better traceability by strictly controlling raw materials, production and shipping.

In order to achieve a faster tracing result, major production facilities conduct simulation trainings and confirm procedures.

Radioactive Materials

Kikkoman developed the quality assurance system from early on to deliver safe products and services to our customers. Soon after the Great East Japan Earthquake, the Kikkoman Group deployed various group-wide efforts to deal with radioactive materials.

We confirm safety of raw materials by

monitoring results of radioactive material tests conducted by the Japanese government and local governments. Also, we confirm safety of our products by collecting and checking information from our suppliers regarding place of origin and control systems. When necessary, we analyze raw materials and water through our own analyzer or external institutions and ensure safety.

As necessary, raw materials, water, and products are examined for radioactive contamination at Kikkoman facilities or at external institutions to ensure safety.

At Kikkoman, Environment & Food Safety Analysis Center and/or each plant undertake the examinations by using germanium semiconductor detectors or scintillation spectrometers.

in advertisements based on internal guidelines and other guidance. At the same time, Kikkoman's Intellectual Property Department plays the lead role in checking as necessary that copyrights held by other companies are not being violated.

◇ System for Providing Peace of Mind to Customers

Complying with laws concerning product labeling and truth in advertising

Kikkoman rigorously checks the veracity of product labeling and advertising to verify compliance with the JAS (Japan Agricultural Standard), the Food Sanitation Act, the Act against Unjustifiable Premiums and Misleading Representations, the Fair Competition Codes, the Health Promotion Act, the Liquor Tax Act, the Pharmaceutical Affairs Act, and industry guidelines. If any problem is detected, we immediately take corrective action before products reach the market to ensure that our product labeling complies with these laws and regulations.

Ensuring Social Fairness

Working from the customer's perspective, Kikkoman verifies the absence of excessive or inappropriate claims on product packaging and

Appropriate Product Labeling

Kikkoman strives at all times to provide clear, easy-to-understand labeling from the customer's perspective, going beyond legal requirements as necessary.



Product label for Extra Fancy Whole Beans Soy Sauce

(1) “Tokusen (extra grade)”

Indicates that the product contains more umami-related compounds than special grade soy sauce.

(2) “Whole Beans Soy Sauce”

Indicates that whole soybeans were used as ingredients in the production of this soy sauce product, and that defatted soybeans were not used.

(3) “Naturally Brewed”

Indicates that the product was made using traditional Japanese methods for slowly fermenting and brewing moromi mash.

(4) Nutrition label

Contains labeling information mandated by the JAS (Japan Agricultural Standard) and Food Sanitation Act.

(5) Expiration date

Indicates that latest date at which the full flavor of the unopened product can be enjoyed, assuming that it has been stored in accordance with instructions on the nutrition label.

(6) “After opening”

Indicates that the product should be kept in the refrigerator after opening and used as quickly as possible.

(7) JAS mark

Indicates that the product qualifies as

special-grade soy sauce under the JAS (Japan Agricultural Standard) classification system of special grade, upper grade, and standard levels of quality.

(8) Nutritional information

Indicates nutrient content so that customers can choose the products they buy based on appropriate information.

(9) Disposal method

Indicates how the container should be recycled at the time of disposal.

Communicating information through our website

The Kikkoman Consumer Center's website features a Q&A section based on questions and comments from our customers as well as a “Utilizing Customer Feedback” section that introduces examples of how products have been improved. We not only accept customer feedback, but also apply it to our corporate activities and communicate the results to customers through our products and website.

The Kikkoman Consumer Center's website also has a section that informs countries of origin of raw materials used for our major products and products whose origins are frequently asked.

◇ System to Deliver our Products in a Stable Manner

The Group believes that it is our social responsibility to deliver our products in a stable manner.

Our plants constantly update their facilities for smooth productions and each plant works to obviate any chance of the accidents, which affects our production capabilities.

Also, Kikkoman works with Sobu Logistics Corp. to review the Group's logistics on a continuous basis to build a faster and more stable logistic system.

The Great East Japan Earthquake affected our

production and logistics capabilities, and a supply of some of our products temporarily stopped. Both productions and logistics were not seriously damaged, but the Group is introducing the BCP (Business Continuity Plan) in preparation for the future disasters. * See also the Management Part.

◇ Pursuing Customer Satisfaction

Basic Approach

The Kikkoman Group is working to improve customer satisfaction through initiatives designed to reflect the consumer's perspective in order to put into practice the tenets of Kikkoman's Promise as adopted in FY2009. In the same vein, Kikkoman is seeking to develop a shared understanding of the customer's perspective companywide through such means as the sharing of customer information internally and employee training. The overall goal is to make customer feedback an even more integral part of the Company's management.

For Better Food Lifestyles

The Kikkoman Group believes, as a food company, it is an important social responsibility to deliver products and services with new values and help customers enjoy better food lifestyles.

In Japan, Kikkoman Food Products introduced a product with a new concept, *Kikkoman Sakusaku Taberu Koubashi Shoyu*. This product has a distinctive feature of Umami from freeze-dried soy sauce and rich aroma of garlicks and sesame oil.



Kikkoman Sakusaku Taberu Koubashi Shoyu

Kikkoman Food Products also launched Kikkoman *Ishudemo Shinsen Shiboritate Nama Shoyu*. All Soy Sauce products are heat-treated except *Nama Shoyu*. *Nama Shoyu* has a rich aroma and a bright color, but it needs to be refrigerated for storage. This product, however, can be stored at room temperature for 90 days. Another feature of this product is its easy-to-squeeze bottle. The bottle is squeezable, so it is possible to pour soy sauce drop by drop.



Ishudemo Shinsen Shiboritate Nama Shoyu

In markets overseas, we introduced gluten-free soy sauce in the U.S. and Europe for those who are allergic to gluten.



Gluten-Free Soy Sauce in the U.S.

Delivering new and healthy food experiences

The Kikkoman Group is undertaking product developments and campaigns to promote health of our customers through food.

In 2011, Kikkoman Food Products expanded its Less Sodium Soy Sauce product line as well as introducing healthy recipes through less salt diet campaigns. Kikkoman Soyfoods also launched a campaign to introduce soy milk recipes.

In markets overseas, as well as introducing Japanese food, we also promote fusion recipes that feature both soy sauce and local ingredients. In many countries, Japanese food continues to be popular and recognized as delicious and healthy food. We hope to contribute to our customers all over the world by promoting Japanese food and soy sauce.

Kikkoman Consumer Center

Kikkoman has established the Kikkoman Consumer Center (KCC) to serve as the primary channel through which the Company communicates with customers. The Center strives to provide accurate, speedy, and heartfelt service to customers in accordance with a basic policy of “Speed, Precision, and Sincerity.” Questions and comments received from customers are stored in a database that is utilized companywide in order to help provide speedy, accurate service and to take full advantage of customer feedback as a management resource. Furthermore, customer feedback is summarized and shared internally with executives, managers, and supervisors nationwide in the form of weekly reports. Participation of the Kikkoman Consumer Center in the Quality Assurance Committee helps bring customer feedback to bear in our efforts to both improve existing products and develop new ones.

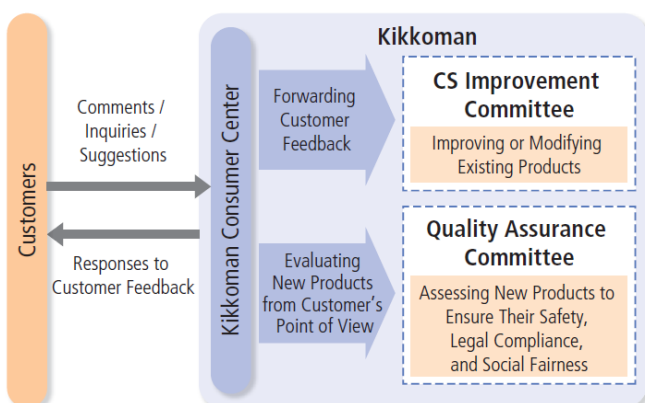
CS Improvement Committee

Not all comments and suggestions received from customers can be dealt with by the Kikkoman Consumer Center alone. The Customer Satisfaction (CS) Improvement Committee, chaired by top management and counting departmental officers as its members, takes care of inquiries that fall beyond the scope of the Center's responsibility in order to improve the Company's products and services.

● Customer inquiries at the KCC

FY	Total	comments	inquiries	suggestions
2007	22,446	1,432	19,249	1,765
2008	24,343	1,234	20,958	2,151
2009	25,552	1,711	21,869	1,972
2010	25,839	1,665	21,271	2,903
2011	32,450	1,823	27,929	2,698

● How Kikkoman Acts on Customer Feedback



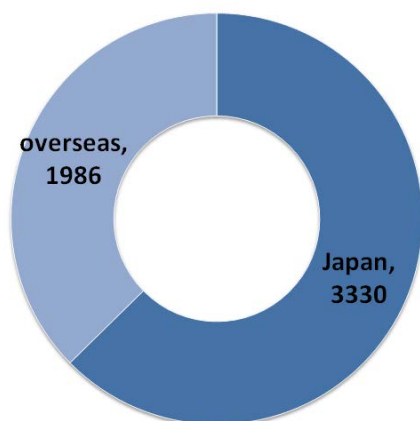
For Our Employees

In addition to respecting the diversity of employees and supporting their efforts to improve their skills, we strive to create safe, pleasant workplaces that facilitate employee self-fulfillment.

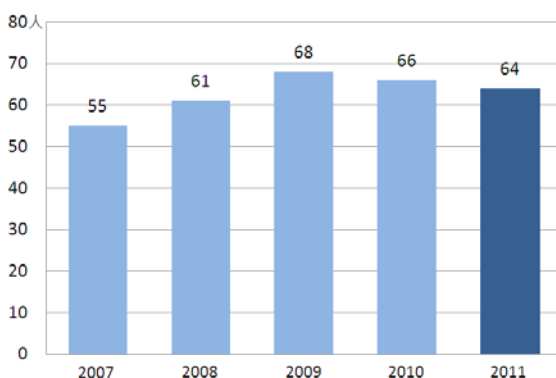
◇ Basic Approach

The Kikkoman Group has a basic policy of “respecting every employee’s human rights” in the belief that “a company can fare well only when its employees lead healthy and happy lives.” Under this policy, we believe in employees’ potential, avoid practicing or condoning unlawful discrimination, ensure equal opportunity, and pursue fair employment practices.

● The Number of Employees March, 2012



● New hires (non-consolidated basis)



*Includes temporary employees.

◇ Respect of Human Rights

The Kikkoman Group Code of Conduct states, “We respect personalities and individualities, foster mutual understanding, and stamp out discriminations based on prejudices. We make fair evaluations in the treatment of employees.” Managers at the Kikkoman Group submit an annual promissory letters to the CEO pledging their compliance with the Kikkoman Group Code of Conduct.

In 2001, Kikkoman announced our participation in the United Nations Global Compact (UNGC). The ten principles of the UNGC set forth in the Global Compact’s “Human Rights” and “Labor Standards” sections are fully compatible with those stipulated in our Labor Agreement, Working Regulations, and Labor-Management Joint Declaration.

Training for the Managers

Every year, Kikkoman conducts a management training program for all managers. This training program focuses on roles and measures as managers and helps managers to develop further understanding of compliance including human rights, employee management, and proper performance reviews. In FY 2012, 177 managers took this program.

Preventing Harassment

Kikkoman regards sexual harassment and abuse of power (“bossing”) as human rights violations and prohibits them in the Company’s working regulations. Human resources departments are responsible for preventing and handling harassment issues, and we have opened counseling offices at major worksites. Furthermore, we continue to raise employee awareness of this issue through activities such as training programs for managers and supervisors.

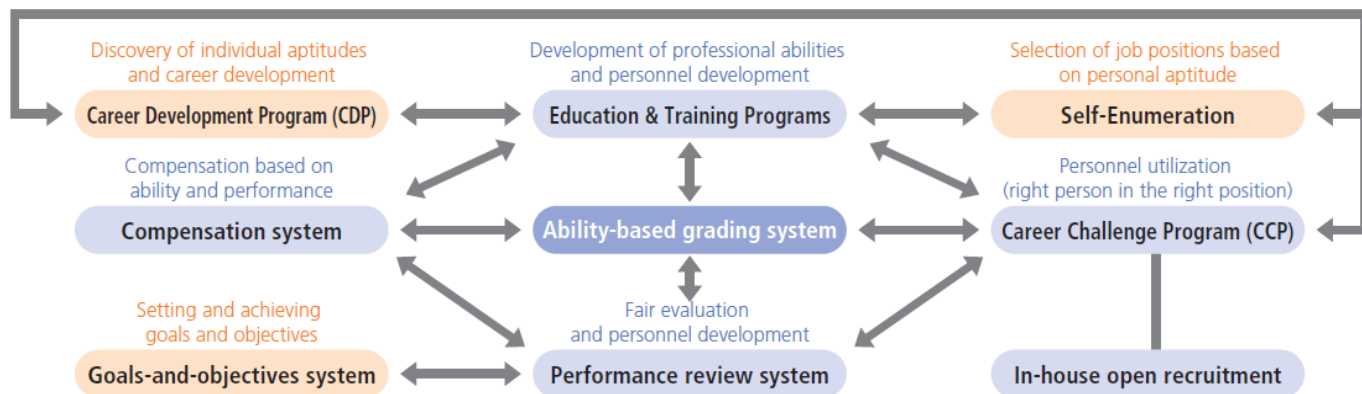
◆ Emphasizing Fairness and Employee Independence in Human Resources

Kikkoman's human resources system employs an ability based grading process that comprises several subsystems, including human resources utilization, training and education, performance reviews, and compensation. Each employee's individual performance is reviewed under a goals-and-objectives system whereby supervisors conduct interviews with their staff. Prior to the interviews, all supervisors are required to receive assessor training in order to ensure the fairness of reviews. We strive to support employees' individual career objectives through self-assessment, a Career Development Program (CDP), and a Career Challenge Program (CCP), all of which allow employees to develop their skills and make their own decisions when applying for new positions within the Company. Moreover, to ensure fairness across the entire human resource management system, we have created a Human Resource Management Verification Committee comprising labor union and management representatives, and the Human Resources Department periodically conducts interviews of individual employees in offices and plants in Japan and overseas to monitor implementation of the system.

Human Resource Development for the Global Market

The Kikkoman Group is working to develop human resource for the global market. This means to help our employees develop skills that can be displayed both in domestic and foreign markets. The set of skills includes communication, leadership, intercultural adjustments, expertise, physical strength, and optimism. As a part of our program, we have training at overseas affiliates for a select group of mid-career employees. We also employ foreign staff to develop diversity. They nurtured as candidates for managers.

● Human Resource Management System



◇Nurturing Better Work Environment

Work-Life Balance

In order to support and encourage employee efforts to achieve a healthy balance between rewarding work and fulfilling private lives, Kikkoman has implemented a set of Company-developed support programs designed to create an environment whereby employees can make the most of their abilities in a healthy and vital manner. We introduced childcare leave 10 years before its enactment in law and family care leave 20 years before its enactment in law. In 2009, Kikkoman received Kurumin certification from the Ministry of Health, Labour and Welfare, authorizing the company's use of the Kurumin logo in accordance with the Act on Advancement of Measures to Support Raising Next-generation Children and recognizing it as a "company that actively works to support raising next-generation children."



●Flexible Work Arrangements (Kikkoman)

Work Arrangements	Description
Childcare leave (since 1981)	<ul style="list-style-type: none"> • Can be taken from the time of birth of a child until the first April 30 after the child attains the age of 18 months. One extension and one reduction of leave period are permitted. • (Short-term childcare leave) Up to one week of paid time can be taken during the first eight weeks following birth. *Only male employees are eligible for this program.
Shorter work hours for childcare (since 1996)	<ul style="list-style-type: none"> • An employee can take up to two reductions in regular work hours totaling a maximum of two hours daily from the time of conception until the child enters the fourth grade.
Morning sickness leave (since 2000)	<ul style="list-style-type: none"> • Up to 15 days can be taken during pregnancy.
Child nursing care leave (since 2003)	<ul style="list-style-type: none"> • Up to 5 days per year per child can be taken until the child in question reaches fourth grade.
Family care leave (since 1978)	<ul style="list-style-type: none"> • Up to 2 years can be taken at any interval.
Shorter work hours for family care (since 1998)	<ul style="list-style-type: none"> • An employee can take up to two reductions in regular work hours totaling a maximum of two hours daily in one or more 1-month blocks for a total period of up to 1 year.
Nursing care leave (since 2010)	<ul style="list-style-type: none"> • Five days of nursing care leave can be taken per sick or injured family member requiring care per year.
Communication with employees on leave	<ul style="list-style-type: none"> • Updates on company and workplace information are communicated to employees on leave via newsletters and emails so that they will not feel left out.
Flextime plan, staggered work hours, use of Shinkansen bullet trains for commuting	<ul style="list-style-type: none"> • Offering a variety of work arrangement options to meet employees' needs.

◇ Diversities

Promoting Employment of People with Disabilities

Kikkoman believes in creating a work environment in which people with disabilities can keep their jobs based on the principle of “normalization” the concept of creating a society in which able-bodied and disabled people can live and work together on equal terms. Accordingly, we are actively creating barrier-free work environments for all employees. In FY2012 the proportion of employees with disabilities at Kikkoman Corporation and Kikkoman Food Products Company was 1.88 and 1.71 respectively.

Continued Employment System

In 2001, Kikkoman introduced the Senior Employment System, which is available to those who retire at age of 60. This system made it possible to provide opportunities for the object employees to exercise their skills as well as passing on the skills of experienced workers to younger workers.

Promoting Opportunities for Female Employees

Kikkoman promotes work environment that female employees can work on a long-term basis and expand opportunities for participation.

In order to help female employees come back to their work after childbirth, Kikkoman introduced the Childcare Leave 10 years before its enactment in law. In FY 2012, 34 employees including male workers applied for this program. Since the program was introduced, 396 employees in total have applied.

Maintaining Sound Labor-Management Relationships

Under the Labor-Management Joint Declaration, which was announced in 1998, Kikkoman has established and maintained sound labor-management relationships based on mutual trust and respect. Additionally, the Company has adopted a union shop labor agreement.

Socially Responsible Corporate Pension Management

Kikkoman has a contract-based defined-benefit pension plan to ensure the stability of our corporate pension fund in response to changes in employees’ needs and employment conditions in Japan.

In 2006, Kikkoman became a signatory to the United Nations Principles of Responsible Investment. The move marks the Company’s commitment to fulfilling its social responsibility by incorporating environmental, social, and corporate governance issues into investment decision-making and stock ownership practices with respect to its pension fund.

◆ Improving Employee Skills and Fostering Career Development

The Human Resources Development Vision

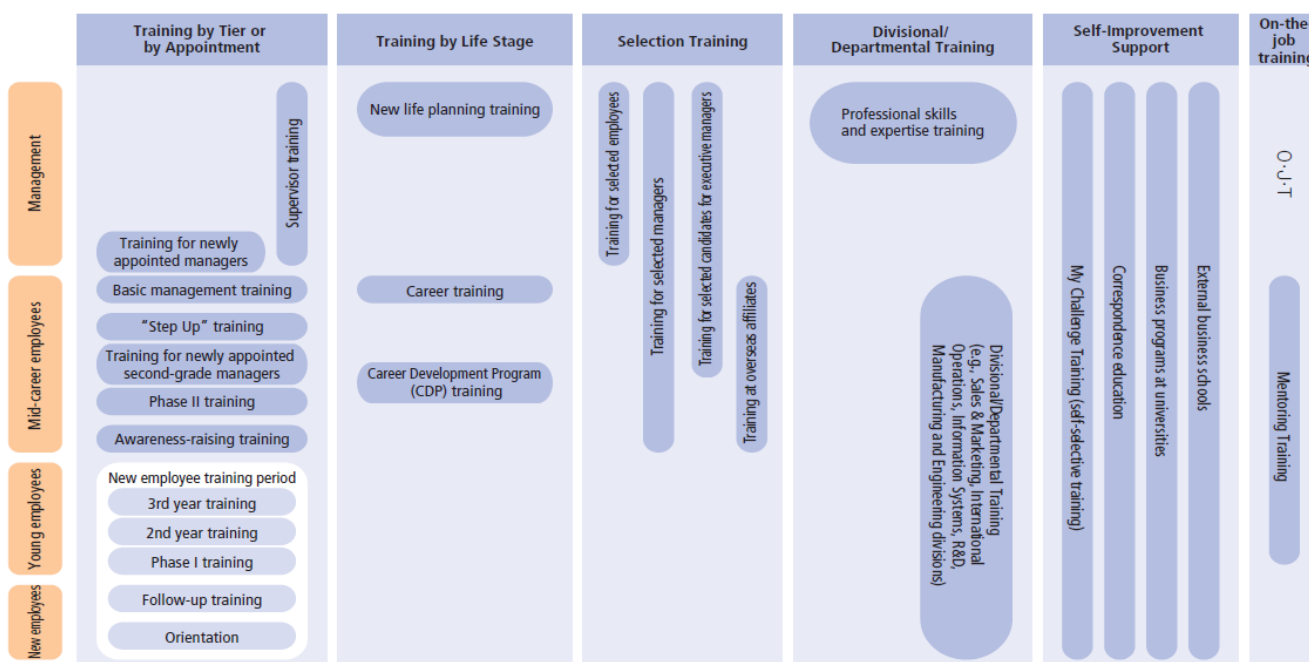
In keeping with the Human Resources Development Vision, Kikkoman's educational programs are designed to offer support so that individual employees take joy in learning, work to strengthen their specialized skills, and continue to grow through lifelong learning.

The Human Resources Development Vision aims to foster the development of professionals for the 21st century by helping employees develop skills and grow personally so that they can participate in their jobs in an engaged and energetic manner and contribute to organization innovation.

Training Programs

Kikkoman offers tier-based training for groups such as new employees and employees in management positions. In order to enhance the Group's synergy, collective training programs with affiliates have been taken place.

● Human Resource Development Chart (Kikkoman)



Kikkoman offers a broad range of self-improvement training programs for employees, including courses at business schools; "My Challenge Training," which allows trainees to select from several courses; correspondence courses; and e-learning courses. Through these educational and training opportunities, we support employees' autonomous skill-building and career development efforts.

● Number of participants in major self-improvement training programs in FY2012

Training Program	Number of Participants
Correspondence courses	670
Business school scholarships	28
Scholarships for business management courses at universities	7
My Challenge Training	223

◇Safe and healthy Work Environment

Kikkoman believes that providing a safe and pleasant work environment for employees is a fundamental principle of corporate management. Accordingly, the Company's Safety and Health Committee, made up of labor and management representatives, plays a central role in implementing its occupational safety and health management system (OSHMS).

Promoting Safety and Health Activities

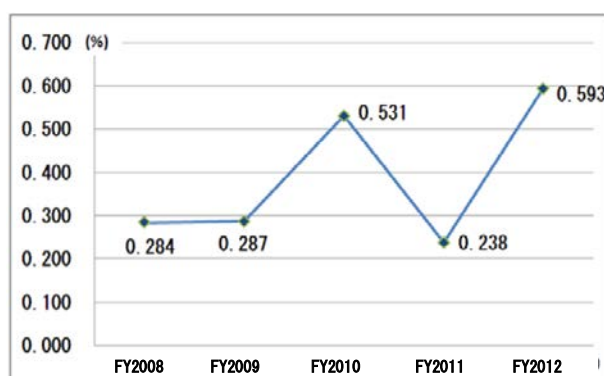
Kikkoman has set up the Central Safety and Health Committee to review and determines policies and key objectives for companywide safety and health initiatives, and its decisions are made known throughout the Company. Daily safety and health activities are undertaken through local safety and health committees. In addition, monitoring teams consisting of labor and management representatives conduct periodic monitoring inspections at both the central and local levels, and the Company works to assess the causes of safety and health risks and take corrective action.

There were seven minor accidents and two accidents resulting in work stoppages during FY2012. We remain committed to strengthening efforts to eliminate accidents by applying risk assessment practices companywide.

In order to further improve the Group's

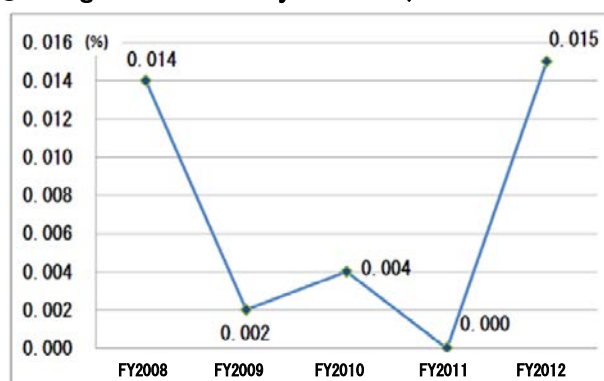
Safety and Health standards, the Group held two joint meetings that the domestic affiliates discuss and share safety and health issues. Through these efforts, the Group is working to prevent future accidents.

●Changes in frequency rate*1 (non-consolidated)



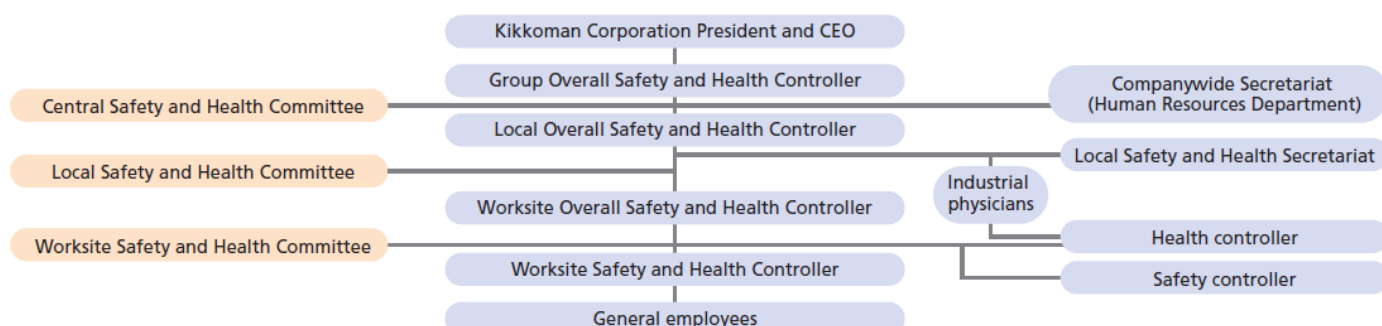
*1 Frequency rate: An indicator of the frequency of disasters/accidents, represented by the number of casualties resulting from occupational accidents per 1 million work hours.

●Changes in severity rate*2 (non-consolidated)



*2 Severity rate: An indicator of the severity of disasters/accidents, represented by the amount of work time lost due to occupational accidents requiring absence from work per 1,000 work hours.

●Safety and Health Management Organization (Kikkoman)



Efforts by the Affiliates Overseas

The Group is working on improving safety and health system at our affiliates overseas. At KFI, KFE, and KSP, each company forms their Safety and Health Committee and strives to improve effectiveness of the safety and health system.

All of our affiliates overseas provide with the lectures and/or trainings regarding safety and health as well as using proper protections while performing job functions. The affiliates share accident reports with the Foreign Operations Department at Kikkoman Corp. to avoid repeating the similar accidents.

TOPICS

KFI-Wisconsin, the main soy sauce factory in the United States, holds monthly meetings of the Safety and Health Committee. The plant manager, the vice president in charge of human resources, six production managers, eight representatives of the respective corporate organizations, and two representatives from the secretariat are the members of this committee. During the meetings, participants report accidents including close calls and promote awareness to avoid accidents. Queries and opinions from employees are also discussed and convey safety and health information from the secretariat.

In FY 2012, KFI-Wisconsin began a weekly viewing of videos related to risk prediction training.



the Safety and Health Committee at
KFI-Wisconsin

Encouraging Employee Physical and Mental Well-being

Kikkoman provides medical supports to employees. Employees who need re-examination following their medical check-ups can receive advice from medical nurse. The employees can also access a health databank to check their records of health checkup.

Kikkoman has opened a 24-hour telephone hotline for health and medical questions in partnership with an outside institution as part of its ongoing commitment to helping employees maintain good physical and mental health. In 2011, in addition to regular medical checkups, Kikkoman offered dental checkups, VDT check, and immunization against influenza by Kikkoman General Hospital.

Kikkoman works with professional institutions to run our mental health program for our employees and their families. By introducing the Kikkoman Mental Health Manual, we strive to create an environment to prevent mental health problems. Kikkoman also developed a guideline that describes how to treat employees when they return to work from a leave for mental health reasons.

◇ Future Subject

The Group's employees are becoming more and more diversified as we expand our business fields and countries of operation. Recognizing our business environment is changing rapidly, the Group strives to create better work environment based on the respect of human rights as well as developing diversified human resources.

For Our Shareholders and Investors

Kikkoman strives to enhance transparency in management through timely and appropriate information disclosure and to secure earnings through sustainable growth that enables appropriate distribution of profits.

◇ Timely and Appropriate Disclosure of Information

Kikkoman Corporation places importance on information disclosure and investor relations (IR) activities that focus on fairness, timeliness, and expeditiousness. In addition to holding IR meetings not only in Japan, but also in the United States and Europe, we promptly disclose a variety of IR information on our website for the benefit of investors who are unable to participate in the meetings.

In FY2012, we held three meetings with management and seven factory tours for analysts and institutional investors. We also held three seminars introducing the Company for individual investors.

Going forward, we remain committed to pursuing activities designed to promote a better understanding of our businesses while bringing feedback from shareholders and investors to bear.

◇ Promoting Open General Shareholders' Meetings

To encourage higher attendance, Kikkoman Corporation schedules the annual general shareholders' meeting to avoid clashing with the most common dates for other companies' meetings. Moreover, we deliver the convocation notice and related documents to shareholders three weeks in advance in order to allow careful review of the agenda. We also send an English-language convocation notice to overseas shareholders.

Additionally, we allow shareholders to vote online, and we participate in a voting platform for institutional investors to make it more convenient for shareholders to exercise their voting rights.

◇ Shareholder Return and Internal Reserve

Kikkoman Corporation considers the dividend policy as one of our key management issues. In this area, our basic policy is to reward shareholders through consistent distribution of profits backed by strong consolidated financial performance, while using funds to invest in strengthening its corporate foundation and future businesses. As a result of this approach, the dividend for FY2012 is ¥15 per share.

In addition, we have a special benefit plan for shareholders aimed at deepening their understanding of the Kikkoman Group's products and encouraging their ongoing support. From a long-range perspective, we intend to deploy internal reserves in ways that create robust corporate value. Future plans include investments in expanding our international operations, streamlining production facilities, conducting research and development for new businesses, opening and expanding markets to cultivate new demand, and pursuing strategic investment activities.

●Composition of shareholders (as of March 30, 2012)

By Shareholder type			
	persons	1,000share	%
Financial institutions	80	61,750	29.35
Securities companies	41	8,522	4.05
Other corporations	479	50,244	23.88
Foreigners	282	27,033	12.85
Individuals, etc.	28,787	62,832	29.87

By number of shares held			
	persons	1,000share	%
1,000,000 or more	42	118,402	56.28
100,000 to 999,999	134	42,748	20.32
10,000 to 99,999	723	16,245	7.72
1,000 to 9,999	16,687	30,591	14.54
Less than 1,000	12,083	2,395	1.14

◇ Credit Ratings

Credit ratings provided by rating agencies serve as a means of better understanding Kikkoman's financial soundness. Kikkoman gives credit ratings an important role in financial strategy out of recognition that they reflect the manner in which capital markets evaluate the Company's performance and creditworthiness. Kikkoman Corporation was given a rating of A (single A stable) by Rating and Investment Information, Inc., in Japan as of March 30, 2012. We are striving to maintain and further improve our ratings.

Working with Suppliers

We strive to observe fair business practices and develop good working partnerships with suppliers through a variety of means.

◇ Conducting Fair Business Transactions

As outlined in our Code of Conduct, Kikkoman's selection of and transactions with suppliers are fair and based solely on vendors' ability to provide good quality, prices, and services, and not on the personal preferences or considerations of employees. Internal Procurement Guidelines provide a basis for the management system that ensures that this policy is followed. We have in place a system for reviewing proposed business with new suppliers against evaluation criteria and for reevaluating existing suppliers on a regular basis. Both of these measures ensure fair evaluation and provide opportunities for new suppliers. To help minimize potential risks, we procure ingredients and raw materials from multiple suppliers.

◇ Developing Good Working Partnerships with Suppliers

At Kikkoman, the Kikkoman Business Service Company Purchasing Department plays a key role in maintaining close communication with suppliers in order to build and maintain fair and good relationships. Whenever we enter into basic contracts with suppliers for new transactions, we explain our compliance policies and share compliance concerns with them. Moreover, we brief subcontractors on Japan's Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors each time an agreement is signed.

◇ Centralized Group purchasing

Kikkoman Business Service Company's Purchasing Department carries out centralized purchasing by combining the purchasing functions of domestic manufacturing companies such as Takara Shoyu, Higeta Shoyu, Nippon Del Monte, and Kikkoman Soyfoods. The Department

strives to carry out fair transactions with suppliers while building mutually beneficial partnerships.

◇ Ensuring Ingredient Quality

Kikkoman works closely with suppliers to ensure ingredient quality. For example, when procuring raw farm produce, we track its production history and conduct voluntary checks for residual agricultural chemicals. When procuring organic crops or non-GMO produce as raw materials, we strive to maintain and improve the quality of procured materials through such measures as obtaining Certified Organically Grown Food Certificates, investigating the country of origin, and conducting joint inspections on IP handling.



Inspecting the Harvest in the U.S.

◇ Environmental Considerations in Procurement

We also work closely with suppliers through the container and packaging procurement process to develop environmentally friendly containers. In FY2008, we formulated Guidelines for Containers and Packaging (see page 25) to illustrate the Group's commitment to reducing the environmental impact of containers and packaging while improving customer satisfaction. We ensure that our

suppliers understand the Guidelines, and we work with them to reduce the environmental impact of their products.

In addition, we ask suppliers of ingredients and raw materials to deliver them in packages that generate less waste and require that their delivery truck drivers shut down engines while unloading at our facilities. In FY2012, we made these requests of some 1179 suppliers. When ordering ingredients and raw materials, we work with suppliers and Sobu Logistics Corporation to streamline truck deliveries and reduce the environmental impact of our operations, for example by using trucks returning from product delivery runs to pick up shipments from suppliers.

As a Member of Local Communities

Kikkoman promotes a variety of social activities designed to support society at large, including community development programs and efforts to contribute to the promotion and development of food culture.

◇ Basic Approach

Under the management principle of “becoming a company whose existence is meaningful to global society,” the Kikkoman Group promotes a management that places a great value on our relationship with local communities. We hope to contribute to build a society that corporations and communities build mutual-beneficial relationships.

The Group undertakes activities designed to support society at large, primarily in the field of food and health. We are also working to foster an appreciation and a preservation of Japanese food culture as well as maintaining harmony with world food cultures.

◇ Major Social Activities

Supporting Employees’ Volunteer Activities

Kikkoman encourage our employees to engage in volunteer activities. We have introduced programs, such as the matching donation program, the community service program, and the volunteer leave programs, Kikkoman also facilitates nationwide volunteer activities in which employees can easily participate. They include collecting ruined postcards and used books in support of NGOs and NPOs, holding fund-raising drives for charity, assisting with sales of charity merchandise, and holding charity events to promote interaction with NGOs.

Programs to Provide Hands-on Experiences

Kikkoman provide hands-on programs designed to raise elementary school children’s and their parents’ interest in food and nature, as well as programs held in conjunction with NGOs and NPOs to encourage participants to think about international cooperation. Employee

volunteers help administer these programs.

Education and Fostering of Youth

Kikkoman provides financial support to several international exchange programs for the education and fostering of young people in cooperation with various public organizations and educational institutes, both in Japan and abroad.

Contributing to Develop Safe Communities

Kikkoman works to help communities develop safer environments by supporting firefighting operations and disaster-prevention activities as well as conducting traffic safety campaigns.

Community Outreach Programs

Kikkoman conducts community outreach programs, including by holding events that highlight local features, participating in traditional community events, and opening our facilities to the public.

Donations

Kikkoman donates in fields related to our business activities, for example by providing products to a Food Bank organization, offering educational support, and practicing environmental preservation. We also donate to a large-scale disaster relief fund.

◇ Social Activities in FY2012

Cooking Experience Programs for Parents and Children

Since FY2004, the Kikkoman Group has held cooking experience programs for parents and children in communities where factories are located. The theme of these programs is “food,” and they are designed for families to stimulate their interests in good diet and local communities.

During FY 2012, we held programs such as: the

Soy Sauce Experience Program in Hokkaido in July, 2011, *Houtou* Cooking Program in Katsunuma in November, 2011, and the Soy Sauce Experience Program in Takasago in March, 2012. Kikkoman is committed to continuing to offer hands-on cooking programs for parents and children in order to stimulate interest in nature and society by learning, cooking, and eating together.



the Soy Sauce Experience Program in Takasago

Sponsoring English Education in Noda: Education and Fostering of Youth

Kikkoman has supported English-language education in Noda since FY2008 as part of an effort to increase children's communication skills and enable them to make a contribution on the global stage when they grow up.

Supporting the YFU Exchange Student Program: Education and Fostering of Youth

The Kikkoman Group has supported an exchange student program offered by the international exchange organization Youth for Understanding (YFU) every year since 1979 through its Kikkoman Scholarship program.

In FY2012, the program brought 17 high-school students from the United States to Japan on short-term home-stays and sent 4 Japanese high-school students to the United States on long-term home-stays. Participating students expanded their potential as "citizens of the

world" through various activities and study with their hosts, and we expect them to take advantage of their experience to contribute to international exchange in Visit to the Canadian embassy the future.

Donating Products to a Food Bank

The Kikkoman Group has been donating products to a Food Bank organization* since FY2010 to be distributed free of charge to individuals needing food assistance in Japan and the U.S.

*Food Bank organizations receive food products from food-related companies that are free of quality problems and distribute them free of charge to social welfare facilities that need support.

◇ Promoting and Developing Food Culture

Kikkoman strives to promote and develop international food culture through lectures, cooking seminars, and operation of food-related facilities.

Cooking Seminars at Tokyo Head Office

At Tokyo Head Office's KCC Hall, Kikkoman holds seminars in the form of lectures, demonstrations, and tastings featuring culinary experts, chefs, and other food professionals as instructors. Content spans multiple genres such as Japanese food culture and cuisine, world food culture and cuisine, and food and health. During FY2012, we offered the following seminars:

Understanding Japanese food culture and cuisine

- Japanese Cuisine Glossary
- Regional Cuisine seminar
- Seasons and Events seminar
- Japanese Cuisine Basics seminar

Understanding world food culture and cuisine

- National Food Culture and Cuisine seminar
- Introduction to World Foods seminar

Learning about food and health

- Healthy Foods seminar
- Ingredients from a Professional' s Perspective
- Enriching Your Dining Room Table seminar

Research on Food Culture with a Focus on Soy Sauce and Dissemination of Related Information

The Kikkoman Institute of International Food Culture, located at the Noda Head Office, conducts research on food culture with a focus on fermented seasonings and soy sauce, collects information related to food, and holds forums and seminars on related subjects. The Center also contributes to international exchange and amalgamation of food culture by making research findings and collected information and materials available to the general public at libraries and exhibitions and on its website.

◇ Kikkoman General Hospital

In Noda city, Chiba, the Kikkoman Group runs a hospital, the Kikkoman General Hospital. The hospital plays a significant role in providing medical services in the local community. Since the soy sauce brewing began in Noda city in the 17th century, the soy sauce business had a mutual-beneficial relationship with the local community. The origin of the hospital dates back to 1862 when a clinic was founded for workers at the breweries and their families. The clinic expanded over time and re-established as the Noda Hospital in 1914 in Kami-Hanawa in Noda City.

Soon after Noda Shoyu Co., Ltd., a predecessor of Kikkoman Corp., was formed in 1917, the Noda Hospital became Kikkoman' s private hospital in 1918. In 1973, the Noda Hospital was renamed the Kikkoman General Hospital.

In order to further contribute to the society and the local community through providing medical services, Kikkoman Corp. began construction of a new hospital in March, 2011. The construction has completed in June, 2012, and began operation in August, 2012.



the New Kikkoman General Hospital

◆ Principal Social Activities Overseas

North America :

Kikkoman Foods Foundation Inc.

Kikkoman Foods Inc. (KFI), our soy sauce manufacturer in the United States, established a charitable foundation, Kikkoman Foods Foundation Inc. KFI has donated to organizations such as local educational institutions and disaster relief activities. In 2010, KFI conveyed a portion of the plant's land to the local government—the City of Walworth—free of charge for the purpose of constructing a new city hall.



Food bank initiatives in the United States

Kikkoman Sales U. S. A. (KSU), our sales company in the United States, conducts a social activity called “Kikkoman Kares.” Since 2010, as part of this initiative, KSU has donated food products to the food bank organizations in the United States, contributing an equivalent of about 200 tons in 2011.

Asia :

Water purification project in Singapore

KIKKOMAN (S) PTE. LTD. (KSP), our soy sauce manufacturer in Singapore, supports the construction of Kingfisher Lake, located inside “Gardens by the Bay,” a garden in Singapore. Kingfisher Lake has an

environmentally friendly water purification system that utilizes the nature within the park, such as aquatic plants. The lake is expected to contribute to solve water problems in Singapore.



Contributions to local communities by the Thai plant

Siam Del Monte Company Ltd. (SDM) produces processed vegetable and fruit products. SDM has provided seed for corn, which serves as a stable source of income for farming households, in order to support agricultural promotions in the Trat Province of Thailand, where the plant is located, and in the northeastern region of Thailand. In order to have more households participate in this program, farming trainings were available to them as well.

When a serious flood occurred in 2011, more than 2,000 cases of our products were donated through local governments for people who were affected by the disaster.

Europe :

Water quality improvement project in the Netherlands

Since 1997, Kikkoman Foods Europe B.V. (KFE), our soy sauce manufacturer in the Netherlands, has supported a water quality improvement project for Zuidlaardermeer (Lake of

Zuidlaren) in Groningen, the Netherlands. A unique aspect of this project is that the water purification mechanism utilizes natural resources. A vast water purification area is located next to the lake, and water from the lake is pumped to the designated area by a windmill. After the water in the area becomes purified by aquatic organisms and microbes, the water gradually returns to the lake. The windmill, which was installed by the Kikkoman's support, was named "Kikkoman Windmill."

Special lecture at Shanghai University

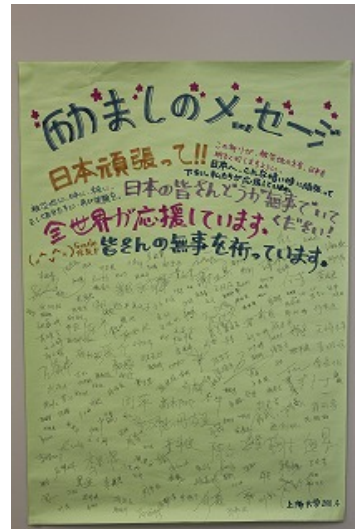
The Kikkoman Group opened an authentic Japanese restaurant, "Murasaki," in the Japanese industry pavilion at Expo 2010 Shanghai China. Students from Shanghai University participated in operating this restaurant; eight students worked as service staff, and five students served as cooking assistants. These students significantly contributed our smooth operation. In October 2010, the Kikkoman "Murasaki" fund was established between the College of Foreign Languages at Shanghai University and the Kikkoman Group. This fund provides scholarships and training programs in Japan for students of high scholastic standing.

"Kikkoman Special Lecture Presentations" were held twice in 2011 at the university; the topics of the lectures were "Interactions of Food Culture" and "Security and Safety of Food."

When our managing director in charge of international business, Horikiri, presented his lecture on April 15, 2011, at the beginning of the lecture, messages of sympathy and encouragement for the people affected by Great East Japan Earthquake were given by the students through an official of the university.

We will work to promote cultural interchange

between Japan and China through food.



Messages from students at
Shanghai University

Other regions:

The Kikkoman Group has conducted social activities in the regions where we don't have our affiliates or facilities. Those activities include supporting an establishment of elementary schools in Cambodia or supporting activities to prevent AIDS in South Africa.

Impact of the Great East Japan Earthquake and the Response of the Kikkoman Group

The Kikkoman Group has worked to support people and communities affected by the earthquake

◇ Basic Approach

The Great East Japan Earthquake was an unprecedented disaster. The people affected by the earthquake were hurt physically and mentally. Due to the great impact, it requires a great investment of time for reconstruction. The Group is supporting the restoration efforts over the mid to long term especially in the field of Food and Health.

◇ Response Immediately After the Earthquake

Employee Safety and Continuation of Operations

In the immediate aftermath of the Great East Japan Earthquake of March 11, 2011, the Group worked to deal with the effects of the disaster by forming a task force headquarters in accordance with its Disaster Response Manual. The task force determined that our priorities were:

- (1) ensuring the safety of employees,
- (2) shipping products to the extent possible
- (3) Continuing corporate operations

In addition to assessing the status of affiliates and related departments, the Group undertook a series of measures.

Immediate Support Programs

Donations: Kikkoman donated ¥100 million to the Japanese Red Cross Society and ¥10 million to the city of Minamisoma in Fukushima Prefecture.

Products: Working with the Ministry of Agriculture, Forestry and Fisheries, we supplied aid in the form of about 350,000 products (worth ¥70 million), including canned foods, beverages, and soy milk.

Fundraising: Funds contributed by officers and employees at Group companies in Japan and overseas were donated to the Japanese Red Cross Society.

◇ Reduction of Electricity Consumption during Summer

In response to the power shortage in the summer 2011, Kikkoman launched Summer Time Electricity Saving Project headed by General Manager of the Corporate Planning Division and conducted a set of efforts.

At each production facility, nighttime operation and staggered shifts were put in place to avoid the peak time of electricity consumption. R&D department worked a rotating schedule and offices took electricity saving measures such as setting the temperature of air conditioners higher than usual, turning off lights and computers.

As a result, all facilities subject to the project successfully lowered the maximum electricity consumption (during July 1st, 2011 to September 22nd, 2011 from 9am to 8pm week day) by more than 15% in comparison to the same period in the previous year.

Not only the facilities in the East Japan but also Kikkoman Takasago Factory in Hyogo Prefecture joined this project and lowered the electricity consumption by more than 15% in the same period.

In addition to these efforts at company, considering 30% of the total power is consumed at household, Kikkoman encouraged employees to reduce electricity consumption at home.

◇ Supporting the Affected Regions

Cooking Classes in Temporary Housing Facilities

The Kikkoman Group is supporting Team *Omusubi*, a project organized by a NGO, the Soul of Tohoku. The Group supports the project financially as well as offering Kikkoman products.

The project invites professional cooks to the temporary housing facilities and holds cooking classes. Participants can enjoy cooking and delicious dishes that they cook together. The purpose of this project is to help people in the temporary housing facilities have lively communication and develop better communities within the facilities. Volunteers from Kikkoman join the cooking class programs as cooking assistants.

This project started in October, 2011 and 8 classes had been held by March, 2012. 28 Kikkoman employees including 17 volunteers joined the classes.



チームおむすびの様子		
	Date ・ Number of Participants	Place
1	2011/10/30 ・ 35	Temporary Housing Site at Jonan Junior High school
2	2011/11/23 ・ 300	Health Administration Center in Kesen-numa
3	2011/11/27 ・ 30	Community Center in Tajirizawa
4	2011/12/19 ・ 40	Temporary Housing Site at former Orikabe Elementary School
5	2012/ 1/21 ・ 25	Temporary Housing Site at Kesen-numa City Gymnasium
6	2012/ 1/28 ・ 50	Temporary Housing Site at former Sen-Maya Junior High school
7	2012/ 2/26 ・ 12	Asu-wo-Kangaeru Hall in Motoyoshi-cho
8	2012 /3/2 ・ 30	Community Square Sarai in Naka-minato

IPPO IPPON NIPPON Project

The Kikkoman Group participates in IPPON IPPON NIPPON Project by Keizai Doyukai.

This project provided training equipments to high schools as well as donating to National Universities in the affected regions.

◇ Continuing Efforts to Support the Affected Areas

As conditions in the affected areas change, our programs have to shift to expected activities. The Kikkoman Group will communicate with the people in the affected areas and support them in ways that Kikkoman can do best.

TOPICS

Many of residents from Futaba Town in Fukushima Prefecture stay in Kisai City of Saitama Prefecture because of the nuclear accident at Fukushima Dai-ichi Nuclear Powerplant. Kikkoman invited to visit the Noda Factory of Kikkoman Food Products to participate in a factory tour on October 9, 2011. Thirty-eight persons participated, and after the factory tour, they were guided to Shimizu Par, an athletic park located near the factory.



The Kikkoman Group's Shokuiku Activities

The Kikkoman Group considers *Shokuiku* (food education) to be the special responsibility of companies involved with food and food products. Since announcing the Shokuiku Commitment in May 2005, we have developed a program rooted in our business and based on our Shokuiku Framework, which derives from a three-part philosophy.

◇ Key Shokuiku Activities

Programs to stimulate interests in learning food and diet

Hands-on Soy Sauce-making Program

Soy Sauce Factories at Kikkoman Food Products offer tours for elementary school students to learn and experience how soy sauce is made. In FY 2012, we had 268 tours for 15,537 visitors.

Kikkoman Soy Sauce Academy

Kikkoman employees visit elementary schools to teach students about food and diet as part of the Kikkoman Soy Sauce Academy. Schools use this program as part of their integrated study time to provide an opportunity for students to think about the importance of food and what it means to enjoy eating while simultaneously learning about the ingredients and techniques used to make soy sauce. During FY 2012, 7,727 students participated in 244 sessions at 109 schools.

The Kikkoman Academy

Kikkoman employee volunteers visit elementary and middle schools to talk about how soy sauce is made. During FY2012, 28 presentations were given to 1,307 students.

Factory Tours to Experience the Soy Sauce Brewing Process

Kikkoman offers tours of soy sauce factories in Japan and Manns Wine Co., Ltd.'s wineries. We offered hands-on soy sauce-making programs for elementary schools and other organizations a total of 209 times during FY 2012, accommodating 291,166 visitors.

Website Featuring Food- and Health-related Information

Kikkoman's website features an extensive range of food- and health-related information, including the most recent news about our Shokuiku activities, seasonal recipes, and educational content for children.

Kikkoman's Shokuiku Framework



The philosophy referred to as "Kikkoman's Three Wishes"

- Eating well nourishes the mind. We wish to nourish the mind with good food.
- Good food makes good health. We wish good health to all, through good eating.
- A smile shared over a meal endures forever. We wish to share and exchange the joy of food worldwide.

Shokuiku Promotion Policies Shokuiku (Food Education)

1. For families and children it means:

well-balanced, nutritious homemade food; healthy growth, based on regular family meals where food itself is part of the family conversation; sharing good dietary rules via product labels, advertising and other means; and encouraging Kikkoman Group employees and families to have food-centered lives making the best use of their family meals for better communication.

2. In Japanese dietary culture it means:

studying and developing our traditional food culture based on our experience of international food culture exchange; reasserting the positive aspects of the rice-centered diet in preventing lifestyle-related diseases and adapting to lifestyle changes; and enriching people's lives through communal meals.

Shokuiku Activities

Kikkoman's Shokuiku Commitment Expression of Corporate Attitude

TOPICS

New lecture courses related to “Shokuiku,” “Soy Milk,” and “Tomato” were added to Kikkoman Soy Sauce Academy from 2012. The “Kikkoman Shokuiku Lecture Series” will provide lectures on the subject of Shokuiku through instructors of the nonprofit organization, the Nippon Shokuiku Instructor Kyokai^(*) (Japan Shokuiku Instructors’ Association). Kikkoman employees will give “Kikkoman Soy Milk Lectures” to provide basic knowledge about “soy milk” as well as to educate people about nutrients, ingredients, and a balanced diet. Furthermore, the “Del Monte Tomato School” was launched to visit schools and provide lectures to second grade elementary students, with the purchase of tomato seedlings provided in the Del Monte Teaching Materials. The employees of Del Monte Japan play a role as Dr. Tomato and his assistants and provide students with information about tomatoes and how to grow them.

(*) A specified non-profit corporation established for the purpose of training instructors in “Shokuiku,” with the All Japan Culinary School Association as the parent organization.

Kikkoman Group
Corporate Citizenship Report 2012

Management Report

Compliance

We're striving to put in place a framework to ensure compliance with laws and social norms and to raise employee awareness of such compliance.

◇ Basic Approach

The Kikkoman Group believes the concept of “compliance” does not only mean legal responsibility but also company rules and social norms. In other words, we have to respond to the trust and expectations of society to ensure compliance.

As our business grows and operations become more globalized, we are striving to strengthen our compliance framework.

◇ The Kikkoman Group Code of Conduct and Compliance System

The Kikkoman Group adopted the Kikkoman Group Code of Conduct in August 2002 to codify standards for the attitude and conduct expected of Group employees. Since then, Group companies have worked to ensure that the Code is well understood and thoroughly practiced by all personnel.

The Kikkoman Group Code of Conduct, which commits Kikkoman employees to contribute to the development of society by fulfilling their work responsibilities with a sense of ethics and mission, consists of six principles: Securing of safety and symbiosis with global environment, Business activities with fair and free competition, Business information disclosure and promotion of communication, Respect for human rights and establishment of happy working environment, Observation of laws and regulations in Japan and abroad and maintenance of social orders, and Positive social action program. In an effort to ensure that the Code is well understood and thoroughly practiced throughout the Group, Kikkoman has created English, Chinese, German and French versions of the text.



Pocket reference card

◇ Compliance Framework

Submitting promissory letters of compliance with the Kikkoman Group Code of Conduct

In addition to handing out pocket reference cards outlining the Code of Conduct to all Group employees in Japan and requiring the cards to be carried by employees at all times, Kikkoman is working to ensure that employee conduct throughout the Group accords with corporate ethics and a law-abiding spirit by requiring all managerial employees holding positions of director, corporate officer, or manager/supervisor within Kikkoman as well as the presidents of Group companies to submit an annual promissory letters to the CEO pledging their compliance with the Kikkoman Group Code of Conduct. During FY2012, 321 individuals signed the letters.

Companies whose management is required to submit promissory letters of compliance with the Kikkoman Group Code of Conduct

Japan:

Kikkoman Corp.; Kikkoman Food Products Co.; Kikkoman Beverage Co.; Kikkoman Business Service Co.; Kikkoman Biochemifa Co.; Nippon Del Monte Corp.; Manns Wine Co., Ltd.; Pacific Trading Co., Ltd.; Heisei Foods Co.; Edogawa

Foods Co.; Hokkaido Kikkoman Co.; Nagareyama Kikkoman Co.; Terra Vert Corp.; Takara Shoyu Co., Ltd.; Kikkoman Soyfoods Co.; Sobu Logistics Corp.; Sobu Service Center Inc.; KMC; Kikkoman Restaurant, Inc.; Nihon Shoyu Co., Ltd.; and Kikkoman Direct Co., Ltd.

Overseas:

KFI, KSU, JFC, KMP, KFE, KTE, JFCEU, KAP, and others

Corporate Ethics Committee

The Kikkoman Group Corporate Ethics Committee was formed to ensure that the Kikkoman Group Code of Conduct is put into practice. With a total of six members including two outside experts such as attorneys as well as directors and officers from Kikkoman Corporation, the Committee has overall responsibility for studying and implementing policies related to compliance.

During FY2012, the Committee met a total of 11 times. Additionally, Committee members met with standing auditors to exchange information once in each half of the fiscal year.

The Group Corporate Ethics Hotline

The Kikkoman Group has established a Group Corporate Ethics Hotline and made it available for use by all employees of Group companies in Japan. Employees are made aware of the hotline through repeated notices in individual companies' internal notices, Group newsletters, and training sessions. We have worked to expand the system by opening the hotline up to use by part-time and temporary employees starting in FY2008 and by all domestic Group company employees following our transition to a holding company-based organization in October 2009.

The Group Corporate Ethics Hotline consists of an external hotline that is managed by an

outside lawyer, a shared Group hotline that is managed by Kikkoman Corporation's Legal & Compliance Department, and hotlines at individual companies that are set up as needed. Reports are received via dedicated phone line, fax, email, and dedicated post office box. When the office receives a report, an internal investigation is conducted, corrective measures taken, and feedback provided to the individual who initiated the report. The Corporate Ethics Committee Regulations stipulate protection for whistleblowers against any backlash or disadvantage that might result from submission of a report. During FY 2012, the Group Corporate Ethics Hotline received 13 calls and taken care.

Compliance Audits

The Kikkoman Group conducts compliance audits by the Internal Auditing Department and the Legal and Compliance Department of Kikkoman Corp.. Kikkoman Group legal affairs officers and other personnel also conduct compliance fact-finding missions to overseas Group companies. In FY 2012, the mission visited KFI, KMP and Country Life, LLC. This mission will be held in FY 2013 and work to strengthen compliance awareness throughout the Group.

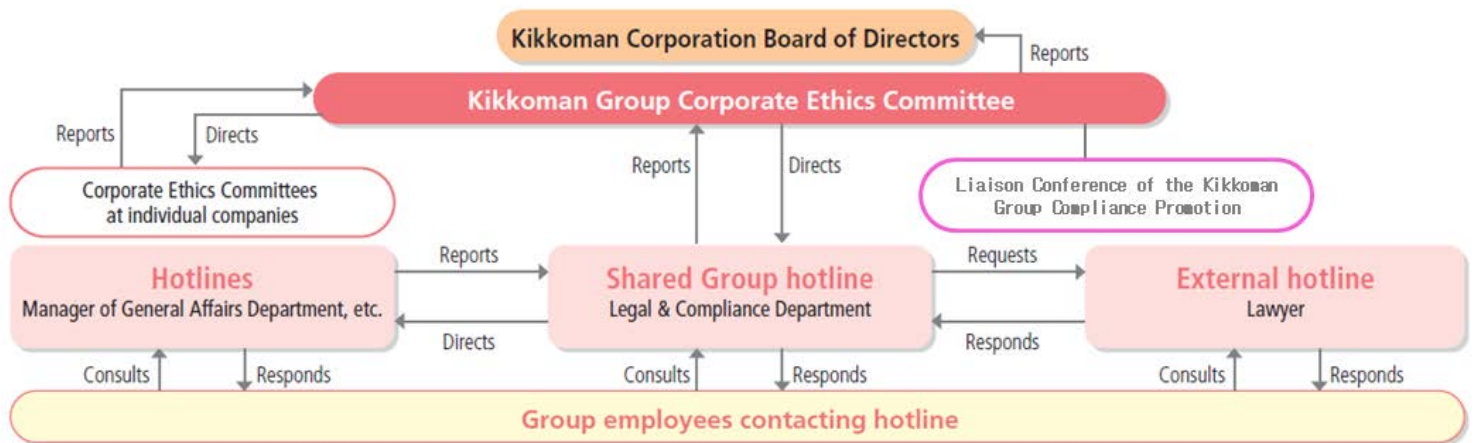


Compliance mission at the KFI-Wisconsin Plant

Liaison Conference of the Kikkoman Group Compliance Promotion

In FY 2012, Liaison Conference of the Kikkoman Group Compliance Promotion was set up. Conference members are assigned at Kikkoman Corp. and other 20 affiliates in Japan and promote compliance awareness.

●Group Corporate Ethics Hotline



◇ Compliance Survey

Kikkoman conducted a compliance survey with the goal of making a comprehensive assessment of, and improving, the state of domestic Group companies' compliance. The survey elicited responses from each company to a total of 94 questions addressing topics such as management, general affairs and accounting, manufacturing and products, environmental responsibility, and labor management. No serious compliance infractions were discovered at the target Group companies as a result of the survey. Going forward, Kikkoman will work to enhance the Group compliance system, including by conducting surveys linked to its compliance audit efforts.

【Scope】

Kikkoman Food Products Co. ; Kikkoman Beverage Company Co. ; Kikkoman Business Service Co. ; Kikkoman Biochemifa Co. ; Nippon Del Monte Corp. ; Manns Wine Co., Ltd. ; Pacific Trading Co., Ltd. ; Heisei Foods Co. ; Edogawa Foods Co. ; Hokkaido Kikkoman Co. ; Nagareyama Kikkoman Co. ; Terra Vert Corp. ; Takara Shoyu Co., Ltd. ; Kikkoman Soyfoods Co. ; Sobu Logistics Corp. ; Sobu Service Center Inc. ; KMC; Kikkoman Restaurant, Inc. ; Nihon Shoyu Co., Ltd. ; Kikkoman Direct Co., Ltd. ; and Higeta Shoyu Co. Ltd

◇ United Nations Global Compact Self Assessment Tool

In FY2012, the Kikkoman Group conducted a self assessment based on the United Nations Global Compact (UNGC) Self Assessment Tool. The tool was developed a group of institutes in Denmark and the UNGC Office introduces the tool on their website. <http://www.globalcompactselfassessment.org/>

This tool has 45 questions, which are based on

the ten principles of the UNGC with several indicators attached to each question. This tool was designed to help the UNGC signatories measure their performances.

In FY2012, the Group began translating the tool to Japanese and introduced to 21 affiliates in Japan and 13 affiliates overseas. Based on the result, the Group will improve our performance.

【Scope】

Japan :

Kikkoman Food Products Co. ; Kikkoman Beverage Co. ; Kikkoman Business Service Co. ; Kikkoman Biochemifa Co. ; Nippon Del Monte Corp. ; Manns Wine Co., Ltd. ; Pacific Trading Co., Ltd. ; Heisei Foods Co. ; Edogawa Foods Co. ; Hokkaido Kikkoman Co. ; Nagareyama Kikkoman Co. ; Terra Vert Corp. ; Takara Shoyu Co., Ltd. ; Kikkoman Soyfoods Co. ; Sobu Logistics Corp. ; Sobu Service Center, Inc. ; KMC; Kikkoman Restaurant, Inc. ; Nihon Shoyu Co., Ltd. ; Kikkoman Direct Co., Ltd. ; and Higeta Shoyu Co. Ltd

Overseas :

KFI, KSU, JFC, KFE, KTE, JFCEU, KAP and others

◇ Compliance Education and Awareness Programs

To raise employee awareness of and enforce corporate ethics based on the Kikkoman Group Code of Conduct, we provide compliance education during training sessions for all managers/ supervisors and newly appointed managers/supervisors. Compliance education is also incorporated into training programs for all new recruits and new mid-career hires.

In addition to these efforts, Legal & Compliance Department at Kikkoman Corp. visits affiliates and holds compliance lectures. In 2012, the lectures were held at 16 affiliates and about 2800 employees attended

【Scope】

Japan :

Kikkoman Food Products Co. ; Kikkoman Beverage Co. ; Kikkoman Business Service Co. ; Kikkoman Soyfoods Co. ; Kikkoman Biochemifa Co. ; Heisei Foods Co. ; Edogawa Foods Co. ; Nagareyama Kikkoman Co. ; Hokkaido Kikkoman Co. ; Sobu Logistics Corp. ; Nippon Del Monte Corp. ; KMC ; Terra Vert Corp. ; Nihon Shoyu Co. ; Pacific Trading Co., Ltd. ; Takara Shoyu Co.

Overseas:

KFI、KMP、Country Life

Compliance Handbook

In order to develop a firm understanding of compliance, Kikkoman Corp. issues the Kikkoman Group Compliance Handbook in October, 2011 and distributed to 4,000 employees in Japan. This handbook describes specific examples of non-compliance. By giving visible examples, we are trying to raise awareness as well as practice at workplace.



The Kikkoman Group Compliance Handbook

Corporate Governance

We continue to improve and enhance our corporate governance system while upgrading our internal control system to ensure that operations are conducted in an appropriate manner.

◇ Basic Approach

We believe that responding effectively to the changing business environment and maximizing corporate value through the enhancement of Kikkoman Group management form the true basis for running a company with the mandate given by shareholders. We also consider one of our most important management priorities to be executing sound governance in order to fulfill our corporate responsibilities to all stakeholders.

◇ Corporate Governance Framework

The Kikkoman Corporation employs a corporate auditor system. We strive to improve and enhance our corporate governance framework with the aim of achieving greater management transparency, clearly defined management responsibility, speedy decision-making, and stronger management oversight. In March 2001, we introduced a corporate officer system and transferred authority for business execution to corporate officers in an effort to streamline operational responsibilities and

speed decision-making and business execution. In October 2009, we shifted the Group's management system to a holding company structure. Individual operational companies will enhance their ability to create value in line with their own areas of authority and responsibility based on a Group management strategy determined by the holding company, thereby maximizing the Group's overall corporate value.

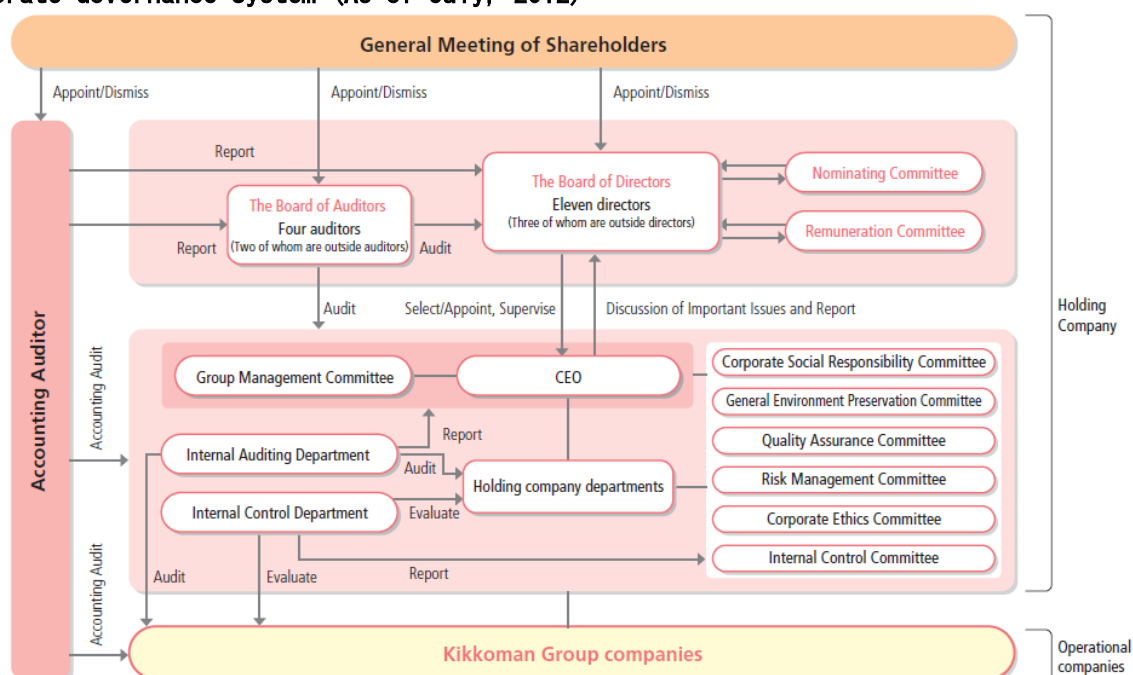
◇ Enhancing the Corporate Governance System

Kikkoman Group's decision making standard is specified in the Authorization Guidelines. Through strict control of decision making based on the guidelines, the Group ensures proper decision makings.

In addition, through the Administrative Rules and Regulations for Affiliated Companies, Kikkoman Corp. monitors financial and management conditions of its affiliates.

In order to ensure these systems are effectively working, the Group conducts internal audits. In FY 2012, 20 affiliates, 76 departments, and 168 offices were audited.

●Corporate Governance System (As of July, 2012)



◇ Independent Outside Director and Independent Corporate Auditor

Appointment of Outside Directors and Outside Corporate Auditors In June 2002, the Kikkoman Corporation appointed outside directors and established the Nominating Committee and Remuneration Committee to achieve greater management transparency and strengthen management oversight.

In fiscal 2012, three of eleven directors were outside directors, and two of four corporate auditors were outside auditors.

The role of the outside directors and outside corporate auditors is to strengthen management oversight from an objective perspective on the basis of their wide-ranging experience and deep insight. In addition, the outside directors strive to increase management transparency by participating in the Nominating Committee and Remuneration Committee.

Directors:

Noriaki Horikiri*

Kenichi Saito*

Koji Negishi

Toshihiko Shigeyama

Katsumi Amano

Koichi Yamazaki

Tsunao Hashimoto**

Toshihiko Fukui**

Mamoru Ozaki**

* Representative Director

** Independent Outside Director

Corporate Auditors:

Takaharu Nakamura

Koichi Mori

Takeo Inokuchi***

Motohiko Kogo***

*** Independent Corporate Auditor

◇ Internal Control Systems

Establishing an internal control system that ensures proper execution of business practices is high on our corporate agenda.

Accordingly, we have been making Group-wide efforts to develop an enhanced framework for ensuring effective and efficient operations as well as compliance with laws and regulations. We periodically review and update the basic policy for “Establishing an Internal Control System” that the Board of Directors adopted in May 2006. In order to comply with the new internal controls reporting system mandated by the Financial Instruments and Exchange Act, which went into effect in April 2008, we established an Internal Control Committee and Internal Control Department in November 2008. To this same end, we have adopted a basic policy concerning internal controls as they relate to financial reporting and established a structure for strengthening internal controls related to financial reporting.

Framework to Promote Corporate Social Responsibility

Kikkoman is working actively to promote activities related to corporate social responsibility based on our framework.

◇ Framework to Promote Corporate Social Responsibility

The Kikkoman Group believes that, in order to promote corporate social responsibility, each employee must understand the Group's policies and do their tasks at their workplaces. Through such efforts, we work to fulfill our responsibilities to stakeholders by practicing "what we can do for society" through our business operations.

In 2005, we launched a Corporate Social Responsibility Committee with members from multiple departments to promote associated initiatives. Following our transition to a holding company-based organization in 2009, we added representatives of domestic Group companies (Nippon Del Monte Corporation, Manns Wine Co., Ltd., FoodChemifa Co., Ltd., and Sobu Logistics Corporation) to the committee.

The committee plays a central role in communicating and promoting CSR policies and initiatives internally, and in systematizing the diverse CSR activities that the Kikkoman Group has been carrying out with stakeholders. It also works as a driving force to continuously improve CSR-related activities through the PDCA (Plan-Do-Check-Act) management cycle.

In FY 2012, based on the discussions of this committee, Kikkoman Corp. developed and announced the Kikkoman Corporate Citizenship Framework. The committee requested the major affiliates in Japan to submit their targets to achieve the three themes of the Framework. We will work to follow up the implementations and improve our activities.

● Framework to Promote Corporate Social Responsibility



Risk Management

The Group is moving to strengthen its management systems for preventing the manifestation of various risks.

◇ Risk Management System

At Kikkoman Corporation, corporate officers manage the divisions and subsidiaries for which they are responsible so as to prevent the emergence of perceived risks relating to the Group's activities. We also have a Risk Management Committee in place to establish an effective risk management system and to respond promptly to crises that could negatively impact our business.

When a worldwide pandemic of novel H1N1 influenza struck in 2009, the Kikkoman Group responded in accordance with a precompiled manual. At the same time, the Risk Management Committee proposed appropriate countermeasures as events unfolded, and we worked to minimize the effect on our business execution by assessing employee health and taking steps to prevent infection.

In October 2010, we adopted the Kikkoman Group Risk Management Guideline. This is a series of provisions addressing appropriate management and implementations of various risks affecting the Group's operations. We also compiled a series of Crisis Management Manuals as part of a larger effort crisis management throughout the Group.

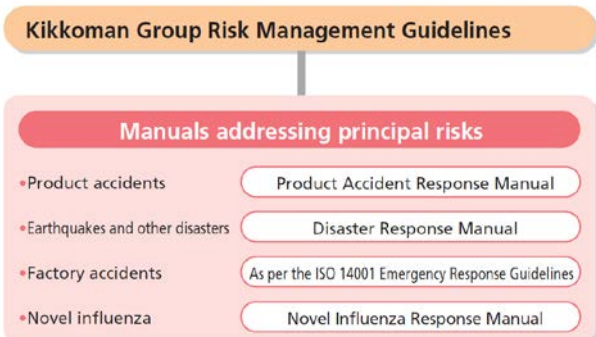
Systematizing and sharing risk management

1. Adopting guidelines addressing various policies and systems related to the Group's overall crisis management
2. Compiling sample manuals addressing principal risks and sharing them among affiliates in Japan

◇ BCP (Business Continuity Plan)

Business Continuity Plan is a set of procedures and preparations to ensure, or recover, continuity of key operations when disasters and serious occur. This plan involves identifying key operations and documenting in advance. The comprehensive efforts to maintain and/or improve the BCP to respond to the disasters and accidents are referred as the Business Continuity Management (BCM).

At the Kikkoman Groups, the Corporate Planning Department, Kikkoman Corp., is developing the BCP, which consists of the Immediate Action Plan headed by a task force headquarters and the Operations Recovery Plan to continue and restore key operations.



the Kikkoman Group List of Principal Initiatives in FY2012 / Objectives in FY2013

Key Aspects		Principal Initiatives in FY2012	Targets in FY2013
Responsible Operations	Compliance	•Compliance trainings held at 16 affiliates (61times in total) in Japan and 6 affiliates overseas. •Published of the Compliance Handbook •Launched the Liaison Conference of the Kikkoman Group Compliance Promotion	Continue to hold compliance trainings and visits in Japan and overseas.
		Received promissory letters of compliance with the Kikkoman Group Code of Conduct (321 managers signed)	Raise awareness about the Kikkoman Group Code of Conduct
		•Resolved issues and developed preventive measures through the Group Corporate Ethics Hotline	Raise awareness about the Group Corporate Ethics Hotline
		Conducted the Compliance Survey (21 affiliates in Japan)	Continue to conduct the Compliance Survey and follow-up programs
		Conducted a test installation of the United Nations Global Compact Self Assessment Tool	Conduct the United Nations Global Compact Self Assessment (21 affiliates in Japan and 13 affiliates overseas)
	Corporate governance	Conducted internal audits (20 affiliates, 76 departments, 168 offices)	Audit governance of the Group affiliates in Japan
		•Appointed of Outside Directors •The Nominating Committee and Remuneration Committee	Continue efforts to strengthen transparency and monitoring of management
	Communication with stakeholders	•Held IR meetings in Japan and overseas •Seven factory tours for analysts and institutional investors	Provide more effective IR information
		•Sent feed back comments and suggestions of customers to the CS Improvement Committee •Improving communication through surveys	Better Communication with customers through the Kikkoman Consumer Center
		Provided information from the viewpoint of customers such as countries of origin of raw materials	Better communication through our website to provide information about food safety
	Environmental activities	•Total CO ₂ emissions of the Kikkoman Group’s major domestic companies in FY2012 fell to 113,880 t– CO ₂ , 78.6% of the FY2006 level. •CO ₂ emissions per unit of production for major both domestic and overseas Kikkoman Group manufacturing companies in FY2012 fell to 0.166 t– CO ₂ /ton, 97.1% of the FY2011 level	1) Reduce total CO ₂ emissions at major domestic companies at least 15% from FY2006 levels by FY2013 2) Reduce CO ₂ emissions per unit of production at major domestic companies and major overseas manufacturing companies at least 1% year-on-year
		•The recycling rate for major domestic and overseas manufacturing companies during FY2012 was 97.9% •More effectively recycle of the food-related waste products •Increase use of environmentally friendly containers and packaging materials	1) Increase the recycling rate at domestic manufacturing companies and major overseas manufacturing companies to at least 99% by FY2015 2) Improve methods for recycling wastes and byproducts 3) Work actively to increase use of environmentally friendly containers and packaging materials
		•Acquiring ISO14001 certification of all major domestic Kikkoman Group facilities as a whole (June, 2011) •Internal environmental audits of the Group companies •Environmental education programs for the employees.	• Firmly implement policies and continue to improve activities • Implement the PDCA cycle • Provide environmental education for employees
		•Conducting environmental lectures and participation in the Eco-Products 2011 Exhibit •Collecting information on Biodiversity	• Collect and disclose environmental information • Work with environmental organizations
		Expanding the Group collective training programs	• lively exchanges of employees among group companies
	Building talent and fostering a positive workplace	•Programs to encourage using paid holidays •No Overtime Day program •Childcare Leave	• Develop global human resource programs • Enhance the Group human resource systems • Promote diversities
		•Implemented the Safety and Health Key Programs of FY2012 by the Company’s Safety and Health Committee	• Create safe work environment
		•Conducted the Employee Satisfaction Survey and follow-up activities	• Stimulate employees’ motivations
Products/ Services	Product and service innovations	•Introduced the gluten-free soy sauce •Developed Universal Design packages •Launched products to bring rich food experiences	Product development focusing on “consumer-oriented”
	Food safety and quality	•Efforts to improve the network among the group companies overseas to build better global quality assurance system. •Conducted OEM assessments	Improve the group-wide quality assurance system
		Promoted compliance with laws concerning product labeling and truth in advertising	Product safety and consumer communication
	Stable supplies	•Developed BCP manuals and internal systems •Reviewed logistic systems for better and more efficient distribution	Build and review internal systems for stable supplies
	Delivering new and healthy food experiences	Expanded less sodium soy sauce product lines and conducting campaigns to promote less sodium soy sauce	Promote new Japanese food lifestyle
Actions for Global Society	Promotion of Japanese food culture	Held seminars in the form of lectures, demonstrations, and tastings at Tokyo Head Office’s KCC Hall (30 classes with 1,449 participants)	Hand down and promote Japanese food culture
	Exchange of food cultures across the world	•Held 1 Food Culture Seminar and 7 lectures •Published “Food Culture” magazine	Communication through the Kikkoman Institute of International Food Culture
		Held a lecture about food culture in China	Introduce Japanese food culture to foreign countries
	Shokuiku (Food education)	•Kikkoman Soy Sauce Academy: 244 sessions at 109 schools •Introduced new programs of the Kikkoman Soy Sauce	Improve Shokuiku programs
		•Factory tour visitors (Kikkoman Food Company and Manns Wine) : 291,166 •Improved factory tour programs	
	Commitment to society through food and health	•Supported cooking classes at the temporary housing in the areas affected by the Great East Japan Earthquake (8 classes) •Monetary donations to the reconstruction efforts.	• Continue to support areas affected by the Great East Japan Earthquake • Contribute to local communities with the new hospital

Third-party Opinion



Katsuhiro Harada
Professor, Meiji Gakuin University
Senior Staff Writer, Nikkei Newspapers

Professor Harada has served primarily on international beats for Nikkei, working as a special correspondent in both São Paulo and New York, where he has covered the United Nations as well as such topics as non-profit organizations, corporate social responsibility, and business strategy at the so-called “base of the pyramid”. He has been a recipient of the NSK Award (presented by the Japan Newspaper Publishers & Editors Association), and he was appointed as a professor at Meiji Gakuin University in 2010. He also serves as the editor in chief of the Alterna Premium newsletter, and in the past he has served on a social business-related committee at the Ministry of Economy, Trade and Industry and on a BoP-related committee at the Japan International Cooperation Agency. He is the director of the Social Business Network. His numerous published works include *Striving to Be a Good CSR Company* (published by Nikkei Inc.) and *Borderless CSR: Moving beyond the Boundaries of Companies and NPOs* (published by Dobunkan Shuppan Co., Ltd.).

There appears to be a strong tendency among Japanese businesses to believe that those who do good deeds unnoticed by others will most certainly be rewarded with good fortune. This seems to be the case with Kikkoman, a soy sauce manufacturer and representative of Japanese food culture. Since its foundation, Kikkoman has recognized that it is a public entity and has acted accordingly.

However, my impression is that Kikkoman does not trumpet its accomplishments. Although such a humble attitude should, of course, be taken positively, if a business wants to achieve a higher level of awareness of its CSR activities, it must communicate a certain amount of information.

Previous reports omitted some CSR information entirely, as it was considered to be a basic part of corporate functions. The latest report, on the other hand, gives detailed information about Kikkoman’s initiatives on environmentally friendly containers and packaging, traceability, human rights, and work-life balance. This is a sign of the times and reflects changes in Japanese society.

Last year, I made some suggestions regarding improvements to compliance education, raising compliance awareness, and quality assurance of raw materials. Responsive action was taken, and this is described in detail in this year’s report.

Last year, I concentrated mostly on Kikkoman’s new efforts on the United Nations Global Compact (UNGC). Kikkoman is known for being the first Japanese signatory to the Compact. For this reason, companies and the media have been watching Kikkoman’s approach. It is my impression that Kikkoman has, unfortunately, not publicized its activities sufficiently.

Having said that, I do appreciate Kikkoman’s decision to test the company’s performance using

the official online Global Compact Self Assessment Tool, which consists of 45 items based on the UN Global Compact’s ten principles. I trust this will have a significant impact on other companies. Also, Kikkoman has decided to have the UNGC logo on its business cards. Although this is not described in this year’s report, I recognize these as very diligent efforts. I am interested in Kikkoman’s other efforts to promote the UNGC and expect to see this reported on in future.

I would now like to address two other issues.

Firstly, the report’s “Principal Activities of FY 2011/Targets and Plans for FY 2012”. This is a good start, but I propose that Kikkoman goes a step further. Medium-term targets should be set and percentage attainment should be shown. I think that setting specific targets can help break the status quo and guide employees towards more forward-looking objectives.

Secondly, I would like to mention the ISO 26000 Guidance on Social Responsibility document that was issued in November 2010 for the purpose of facilitating sustainable progress. It was shaped by a broad range of stakeholders from six categories, comprising businesses, consumers, labor unions, governments, nonprofit organizations, and experts. The economic community in Japan believes that this will become a global standard, and it is enhancing its activities in the relevant areas. Using the document as a reference and taking action accordingly: I see this as the next item on the agenda for Kikkoman. Since this is not a certification program and each company is responsible for its own actions, it could be considered a strict standard, as companies will want to avoid having their commitment called into question.



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