

# Kikkoman Group

# Sustainability Report

# 2004



Kikkoman's GOYOGURA, Where Soy Sauce Is Made For Japan's Imperial Household

## Message from the President and CEO

The Kikkoman Group, since its establishment, has developed with soy sauce as its principal product. As soy sauce is manufactured by the work of microorganisms, we have continued to cherish the benefits of nature. Our products have long been supported and favored by consumers, business customers and community people. Through our long experience, we have developed thoughtfulness for people, resources and natural features of regions, and realized that the basic principles for the sustainable operation of our company are to live in harmony with nature and to keep harmony with society. Therefore, we have been mindful of environmental considerations in our business management practices.

We established a division specializing in environmental preservation in 1972, and formulated the Environmental Charter in 1992, which states “Kikkoman 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.” We are committed to this Charter and are implementing it throughout all of our activities and business practices. In 1996, we began to achieve ISO 14001 international environmental management standards. Our major production facilities in Japan and overseas have already obtained ISO 14001 certification. Furthermore, the Kikkoman Institute for International Food Culture, established in 1999 is serving as a center to publish and make available information and research results on rich food culture and wellbeing. This is one activity proudly contributed to society by Kikkoman.

Kikkoman was the first Japanese company to participate in the “Global Compact” in 2001. This initiative was advocated by the United Nations for private corporations and NGOs to help distribute the benefits of globalization to the world. Participating companies declare that they will take responsible actions in the fields of human rights, labor standards and the environment. Through participating in the Global Compact, we wish to show our stance as a company promoting internationalization. As the one and only food processing company in Japan affiliated with the World Business Council for Sustainable Development, we contribute to discussion, as well as concrete activities to enhance environmental efforts by the whole industrial community.

Our aim is that Kikkoman will become “a company whose existence is meaningful to the global society,” and that “society needs and appreciates Kikkoman.” We are conscious of being global citizens, and will continue to address the environmental issues, and to make further efforts to support social activities and voluntary activities, to transmit information on food culture.

We have published the “Kikkoman Group Sustainability Report 2004” to report our hopes and activities. We will make further efforts in the environmental field from a global perspective. We welcome your visit to this site and appreciate your comments and advice.

June 2004



A handwritten signature in black ink, which appears to read 'Yuzaburo Mogi'.

Yuzaburo Mogi  
President and CEO

# Management Philosophy

We, Kikkoman Group, will

1. Pursue the fundamental principle being “consumers oriented,”
2. Provide high-quality products and services and promote the international exchange of food culture, and
3. Endeavor to become a company whose existence is meaningful to the global society.

## Action Guidelines

Each of us will

1. Try always to “improve” our work habits,
2. Make effective use of “time” which is given equally to all,
3. Think and act from the “consumers” standpoint,
4. Act with a consciousness of being a “global citizen,” and
5. Value “teamwork” while making the most of individual characteristics, and train younger workers.

## Environmental Motto

Kikkoman 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 Guidelines

(Preamble)

We act vigorously and strenuously maintaining harmony with the environment.

(Text)

1. Each of us will try to keep in harmony with the environment in performing one's own duty in all sectors, such as 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 members of society, we will participate actively in environmental preservative activities in our local communities.
4. We will study the environment and deepen our understanding about it.
5. We will think and act from a global point of view.



# Preface to Kikkoman Group Sustainability Report

We present the Kikkoman Group Sustainability Report 2004. We have published the Kikkoman Group Environmental Report since 2001, and this Sustainability Report is a more developed version of the former. It is intended to report in an accurate, sincere and easy-to-understand manner to all stakeholders of the Kikkoman Group (customers, clients, community people, investors, environmental experts, NGOs and students) about the efforts made by Kikkoman Corporation and its seven major consolidated subsidiaries (four in Japan and three overseas) to operate in harmony with natural and social environments in 2003 fiscal year.

Considering keeping harmonious relations with nature and society as an important management policy, we integrate and coordinate our global operations under the management concept "to become a corporation that has a meaningful existence in the global society." Fortunately, our efforts were rated third among the 75 target corporations in the rating of environmental measures by major corporations conducted by the Sustainable Management Rating Institute in 2003.

The title of this report was changed from "Environmental Report" to "Sustainability Report" as our intention is to give more concrete information on our environmental management efforts. This report is prepared in line with the Environmental Report Guidelines designated by the Ministry of the Environment.

The report is released mainly on the website, and supplemented by the "Outline of Kikkoman Group Sustainability Report" which is printed in Japanese (on paper made from non-wood pulp by mixing soy sauce cake). In addition, "Environmental Preservation Activities by Kikkoman" is uploaded. In this website, news and topics on our environmental activities, environment-friendly product development and business activities, environmental preservation activities and social contribution activities are reported. We will be pleased if you will look through it along with this Sustainability Report.

We welcome your comments so that we can improve the coming issues of our report.

June 2004

**Noboru Miki**  
Executive Corporate Officer  
Director  
Kikkoman Corporation



Note: Data in this report are the figures of actual performance of environmental activities in 2003 of the 8 companies designated for Environmental Accounting.



## Table of Contents

Message from the President and CEO	—
Management Philosophy and Environmental Motto	— 1
Preface to Kikkoman Group Sustainability Report	— 2
Environmental Management Topics - 2003	— 3
Outline of the Company	— 4

### Living in Harmony with Nature

Kikkoman's Environment Preservation System	— 6
Kikkoman Cares for the Environment	— 7
Environmental Accounting	— 11
Efforts to Preserve the Environment	— 13
Legal and Ethical Compliance	— 17
Environment Preservation Programs of Affiliated Corporations	— 20

### Keeping Harmony with Society

Social Activities of the Kikkoman Group	— 27
With a Global Perspective	— 28
Consideration toward Customers	— 29
Living hand in hand with Neighboring Communities	— 30
Wellbeing of Working People	— 31
Returning Thanks to Nature	— 32
Social Programs by the Affiliated Corporations	— 33

### Reference Data

Contents of the Data / Introduction of the Corporations in the Environmental Accounting	— 35
History of Environment Preservation Activities of the Kikkoman Group	— 36
History of Social Activities of the Kikkoman Group	— 36
Flow of materials in the manufacturing process of Soy sauce	— 37
Environmental Accounting Details	— 38
■ Independent Review Report and Statement of Views by a Third Party	— 51
■ For inquiry	— 53

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## Environmental Management Topics - 2003

Major environmental activities by Kikkoman and its affiliates during the period from January 2003 to March 2004

### Unused tomato peel may help sufferers of pollen allergy (p.13)

In January 2003, the Research and Development Division, Biochemical Department and Health Food Sales Department jointly with Nippon Del Monte successfully extracted a constituent from tomato peel which is effective to improve the conditions of sufferers of pollen allergy. The peel, which used to be a production waste, is now effectively being used as an ingredient in a health supplement.

### All major foreign plants obtained ISO 14001 certification (p.24)

In March 2003, Kikkoman Foods California Plant obtained ISO 14001 Environmental Management System certification. With this, all major overseas plants of the Kikkoman Group have obtained the certification.



### Award given to Safety Measures (p.31)

In July 2003, the Noda Factory received the Minister of Health, Labor and Welfare Award for Safety and Hygiene for 2003, in recognition of its excellent safety measures.

### A more efficient distribution system led to environment preservation (p.23)

In October 2003, the Sherbet Business Department of Tone Soft Drink Co. Ltd. changed its distribution system from "packing the products in styro-foam containers filled with dry ice" to "packing products in cardboard boxes with a smaller amount of dry ice" and sending them by commercial "cool" delivery services. As a result, the use of dry ice, which is a mass of carbon dioxide, a greenhouse gas, was reduced to less than half, and styro-foam, which is difficult to recycle, to 5 percent of the previous amount.

### Kikkoman Institute for International Food Culture is introducing Japanese traditional food culture to other countries (p.30)

In December 2003, the video "Story of a Soy Sauce Barrel" produced by the Institute won the Foreign Minister Award in the 47th competition of films and videos introducing Japanese culture to people in other countries.

### Noda Head Office received the 4th JIA Sustainable Architecture Award of the Year 2003 (p.15)

In December 2003, the Noda head office building received the Sustainable Architecture Award of the Year 2003 given by the Japan Institute of Architects. It was praised as a high-quality building that keeps harmony with the environment which opens up a new horizon as a model for the age of the environmental concern.



### Kikkoman was rated 3rd for its Environmental Efforts among 75 major corporations

In February 2004, the Sustainable Management Rating Institute announced the result of rating major corporations in Japan. It rated 75 major corporations for 21 items in the fields of management, environment, and society (maximum 189 points). Kikkoman obtained 186 points, and was rated 3rd only after two companies that obtained 187 points.

### Noda Factory introduced "Super Orsettler" in its wastewater procession facility (p.18)

As the 5th regulation of water quality was enforced, the level of phosphor content in wastewater was lowered from 16 ppm to 4 ppm. Therefore, in February 2004, the Noda Factory Second Production Department (bottling plant) introduced a "Super Orsettler" to remove phosphor. After its introduction, the amount of phosphor was reduced to less than a half of the regulated amount. This was taken up on the front cover of an industrial magazine and became a good example of Kikkoman's environmental efforts.



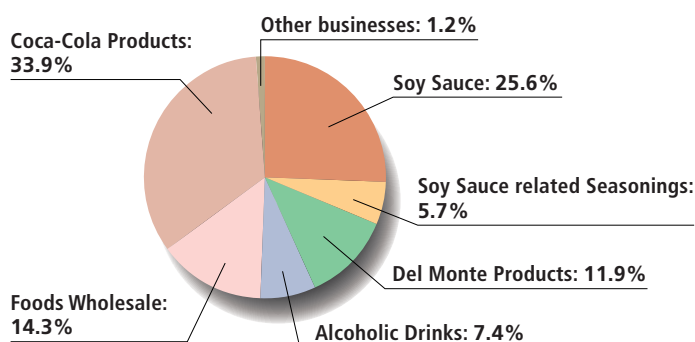
### R&D to apply Soy Sauce Oil to fish feed was awarded. (p.13)

In March 2004, the use of soy sauce oil as feed in fish farms promoted by the R&D Division and other related sectors of the Kikkoman Group was awarded by the Director of the Industrial Science and Technology Policy and Environment Bureau, the Ministry of Economy, Trade and Industry as an excellent example of a resource recycling technology system.



## Kikkoman Corporation March 2004

- Date of Establishment: December 7, 1917
- Head Office: 250 Noda, Noda-shi, Chiba, Japan
- Representative: Yuzaburo Mogi, President and CEO
- Capital: 11,599 million yen
- Turnover: 126,967 million yen (334,656 million yen on the consolidated basis)
- Ordinary Profit: 4,696 million yen (15,428 million yen on the consolidated basis)
- Employees: 2,189 (6,204 on the consolidated basis)
- Ratio of Sales by Product (on the consolidated basis)



- Companies in the Group: 37 companies (25 parent and consolidated subsidiaries and 12 companies to which the equity method is applicable.)

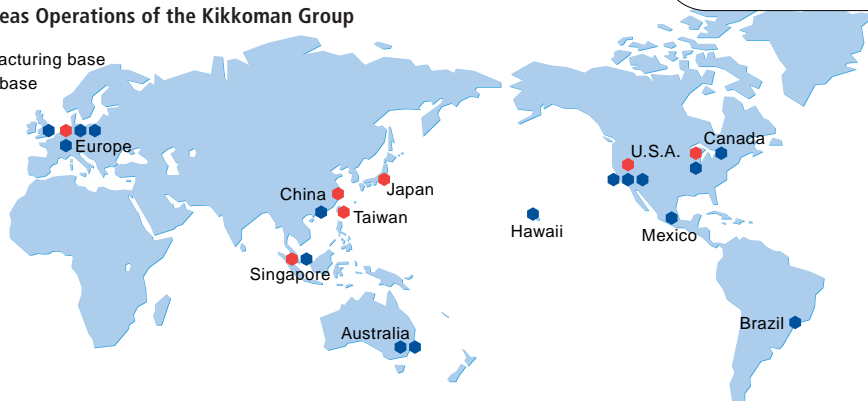
### Kikkoman Factories and Major Offices

- Head Office and Regional Offices
- Factories

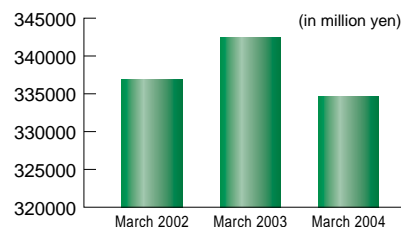


### Overseas Operations of the Kikkoman Group

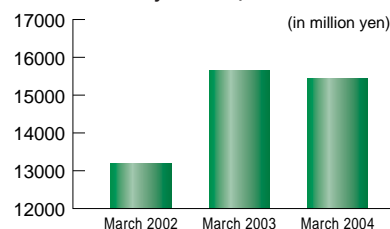
- Manufacturing base
- Sales base



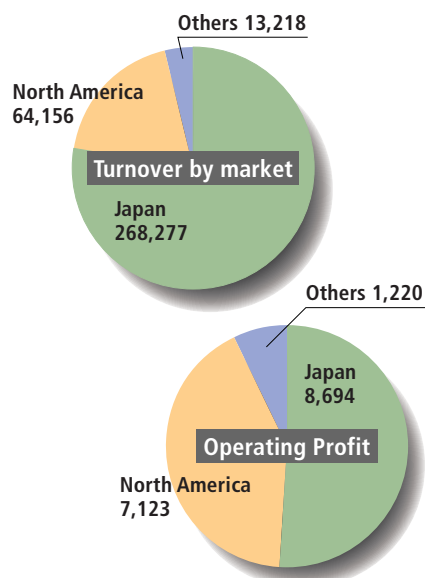
### Recent Turnovers (consolidated basis)



### Recent Ordinary Profits (consolidated basis)



### Outcomes by market (in million yen)



\* Figures are before deducting the amounts of internal trade on the consolidated accounting.



## Kikkoman's Environment Preservation System

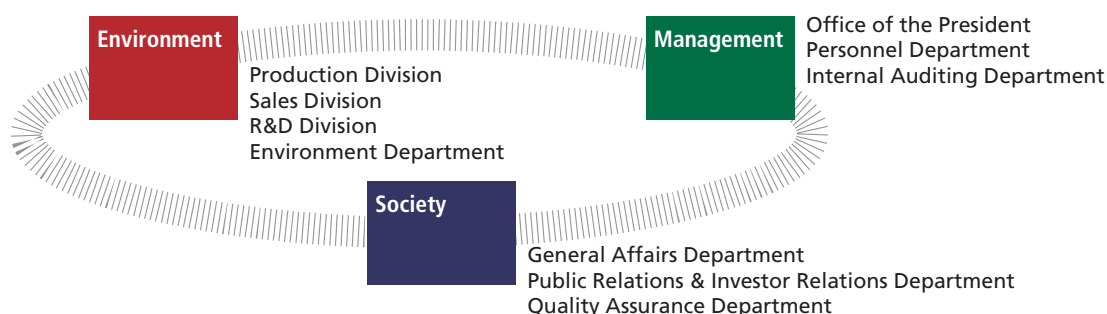
The Kikkoman Group attaches importance to keeping harmonious relations with the natural and social environments, and mobilizes efforts of the whole group to promote environmentally considerate business operations.

### Committees that Promote Environment Preservation

Since April 1992, environmental activities of all affiliated companies have been coordinated and promoted under the General Environment Preservation Committee, the supreme decision-making organ, and two Environment Preservation Committees under it.



### Major Departments and Divisions to Promote Management, Environmental and Social Activities



\* All other divisions and departments operate according to the Guidelines for Activities

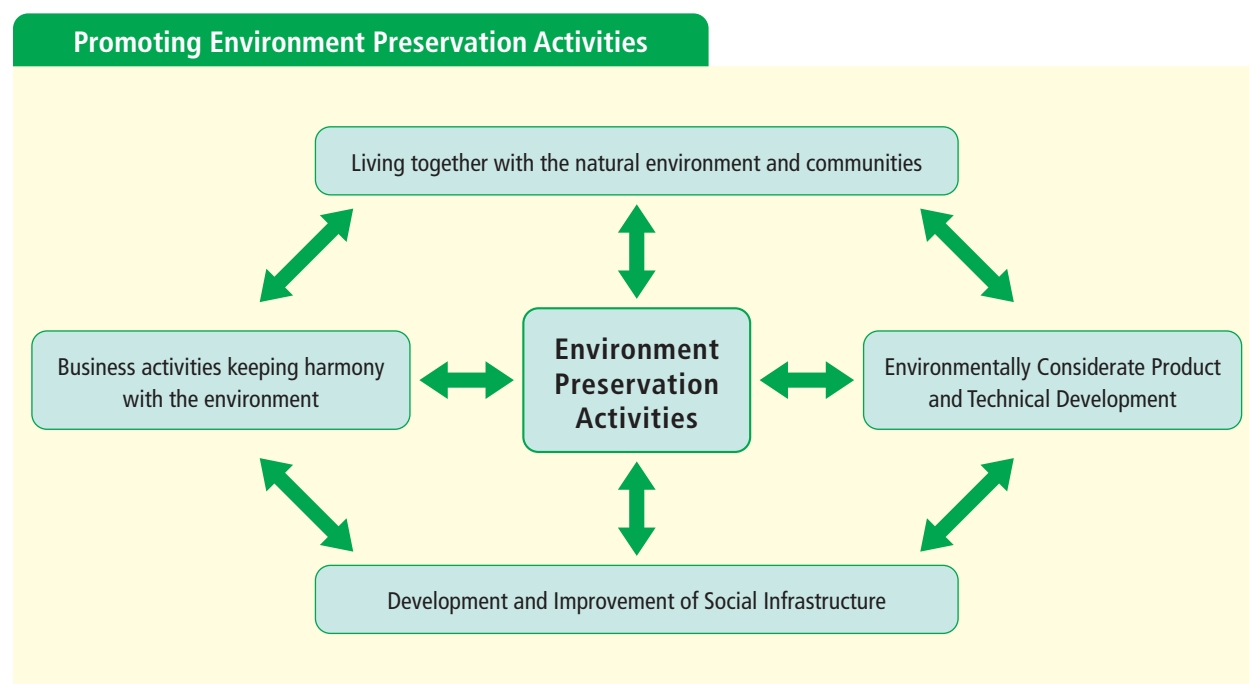


## Kikkoman Cares for the Environment

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

### Environment Preservation Activities

The Kikkoman Group considers that environmental preservation is the greatest challenge for humans and one of the top priorities for the management of its operations. Keeping in mind that the sustainability of corporations is deeply related to the environment, the Group aims, through keeping its business activities in harmony with the environment, to build a cyclical society that enables sustainable development.



Refer p.36 of Kikkoman Group "History of Environment Preservation Activities."

### Mid- and Long-Term Environment Conservation Goals

The Kikkoman Group has set forth common environment preservation goals, and is making every effort to realize them as a group.

- 1 Reduction of greenhouse gases (p.8)
- 2 Improvement of the rate of reusing wastes and byproducts (p.9)
- 3 Implementation of the environmental management system (p.10)
- 4 Promotion of the "Global Compact" (p.28)

## Efforts to Preserve the Environment

### (Mid- and Long-Term Goal 1: Reduction of greenhouse gases)

Respecting the Kyoto Protocol, the Kikkoman Group participates in international cooperation efforts to control global warming by limiting the emission of greenhouse gases.

### Objective

1. Reduce the total emission of CO<sub>2</sub> from the major manufacturing companies\* of the Group in Japan to 92% (minus 8%) of the 1990 level by 2010.

\* Kikkoman Corp., Nippon Del Monte and Mann's Wine

The UN Framework Convention on Climate Change adopted by the UN Conference on Global Warming held in Kyoto in December 1997 (Kyoto Protocol) demands that Japan should reduce the emission of CO<sub>2</sub> and other greenhouse gases to 94% (minus 6%) of the 1990 level between 2008 and 2012. The Kikkoman Group sets forth a more severe goal itself to reduce the emission of these gases to 92% of the 1990 level by 2010.

### Measures

- 1) Promotion of the appropriate placement of compressors and the renewal of steam traps.

The arrangement of compressors in all the factories of the Kikkoman Group will be reviewed and the existing compressors will be appropriately combined to reduce their number. Steam discharged from steam heaters will be reused.

- 2) Introduction of co-generators

Co-generators with high power efficiency will be introduced to promote effective use of heat energy, aiming at the reduction of heat sources and CO<sub>2</sub> emission. Currently, co-generators are in operation in the Kikkoman Takasago Factory and Nippon Del Monte Fukushima Factory.

- 3) Switching to energy-saving type (inverter controlled) appliances

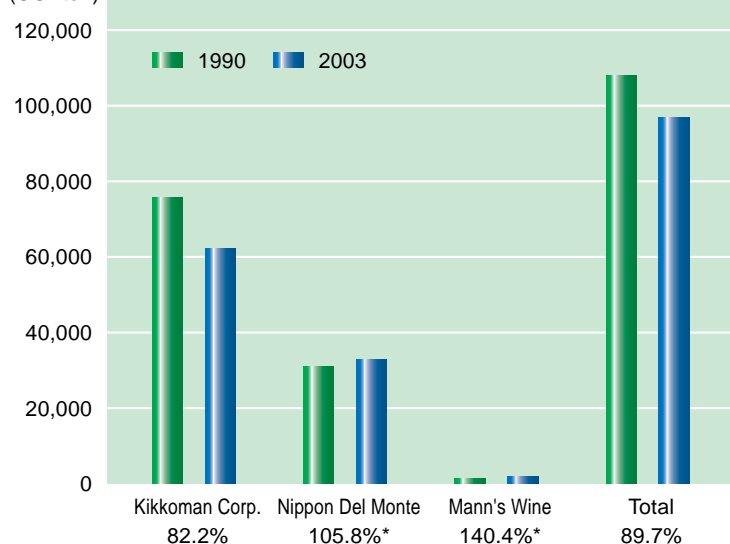
In order to reduce our total electric consumption, electric appliances equipped with inverter control technology and other power-saving devices, or heat collecting devices, will be chosen, when replacing the existing appliances at all offices and factories of the Kikkoman Group.

### Current Status

The total energy use in 2003 was 89.7% of the energy use in 1990. The objective has already been achieved, but the efforts will be continued to further reduce our energy use.

■ Comparison of energy use in CO<sub>2</sub> conversion between 2003 and 1990

(CO<sub>2</sub> ton)



< Co-generator at Takasago Factory >

\* The increase of CO<sub>2</sub> emission in Nippon Del Monte and Mann's Wine was caused by the rise of production, but the total CO<sub>2</sub> emission was not increased because of efforts made by other companies in the group.

## Efforts to Preserve the Environment

### (Mid- and Long-Term Goal 2: Improvement of the rate of reusing wastes and byproducts)

The Kikkoman Group will make efforts to recycle and reuse byproducts (soy sauce cake and oil) and wastes (plastics and used oil) from manufacturing activities.

## Objective

By 2005,

1. Enhance the recycling and reusing rates of wastes and byproducts to 99% at the production sectors of major manufacturing companies\* of the Kikkoman Group in Japan.

The ultimate goal for the production sector is "Zero Emission," but 99% was selected as the objective because 100% is not realistic.

\* Kikkoman Corp., Nippon Del Monte and Mann's Wine

2. Enhance the recycling and reusing rates of wastes at offices to 95%, as some wastes can be hardly reused.

These objectives do not include construction wastages of which disposal is entrusted with external operators.

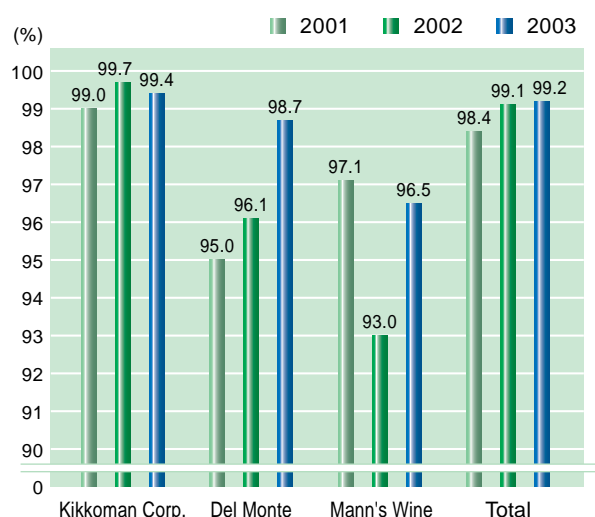
## Measures

- 1) **Refuse:** Do not use or make what is not necessary.
- 2) **Reduce:** Save energy and raw materials, and reduce wastes (ex. packages for distribution).
- 3) **Reuse:** Use the used things and byproducts as they are (ex. use of soy sauce oil as feed, and reuse of bottles).
- 4) **Recycle:** Reuse materials in different ways (ex. PET bottles turned into synthetic fibers).

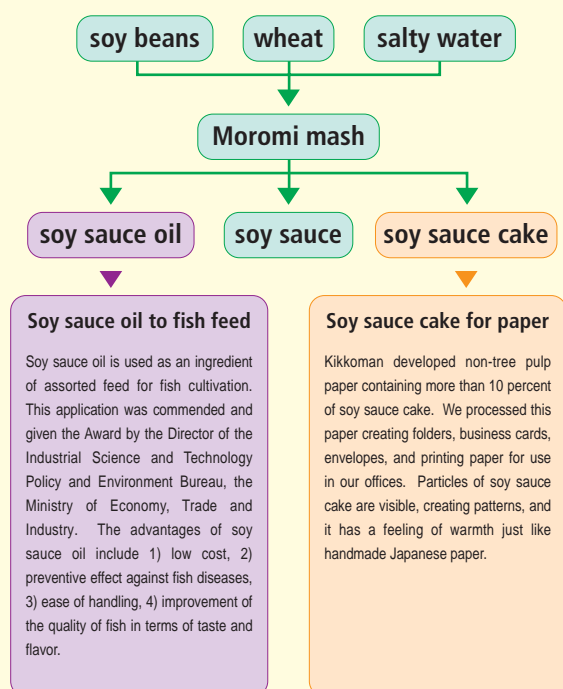
## Current Status

The recycling rate of wastes and byproducts in 2003 is 99.2%, and the objective has been already achieved. We will further try to enhance our recycling and reusing rates.

■ Wastes and Byproducts Recycling Rates  
(incl. unburnable wastes)



### Effective Use of Byproducts from Soy Sauce Production



## Efforts to Preserve the Environment

### (Mid- and Long-Term Goal 3: Implementation of the environmental management system)

The Kikkoman Group aims to become an environmentally considerate business group that obtains and maintains the international standards in environmental preservation (ISO14001) as well as provides the Environmental Accounting.

## Objective

#### 1. Major offices and factories in Japan will obtain ISO14001 certification by 2005.

"Obtaining ISO14001 certification" will mean that by "incorporating the international standards aiming at the reduction of loads on the environment into the mechanism of management and operation processes of the organization," the organization has accommodated international environmental standards both in the system and employees' consciousness.

#### 2. Disclosing the Environmental Accounting of the Affiliated Corporations of the Group

"Disclosing the Environmental Accounting" will mean to "understand the effects of reducing loads on the environment from the accounting point of view," and to "make public the efforts to efficiently manage the investment in the environment and the budget allocated to environmental preservation." It is also intended to standardize the values of the affiliated corporations toward the environmental investment and expenditure.

## Measures

#### 1. Develop and enhance employee consciousness toward obtaining ISO 14001 certification.

Kikkoman will help the employees of all the sectors to understand the importance and impact of obtaining ISO 14001 certification, and to prepare the systems to be eligible to the certification.

#### 2. Support the start and progress of the process to obtain ISO 14001 certification.

Kikkoman will assist offices and factories intending to obtain ISO14001 certification through education and consultation.

#### 3. Standardize the Environmental Accounting standards and publish the Environmental Accounting in the Sustainability Report

Kikkoman will standardize Accounting Standards based on the Environmental Accounting Guidelines by the Ministry of the Environment and share them with all the affiliated corporations. Data will be calculated in accordance with the fiscal years of respective corporations.

## Current Status

#### 1. Obtaining ISO 14001 Certification

##### ● Offices and factories that have already obtained certification

1997	May	Noda Plant
1998	Apr.	Takasago Factory
1999	Apr.	NDM Fukushima Factory
	Jun.	Chitose Factory
	Nov.	Noda Factory (Noda/Nakane Area)
2000	May	NDM Gumma Factory
	Aug.	Mann's Wine
	Nov.	Shuzo Factory (Ojima)
2001	Mar.	Tone Coca-Cola Bottling
	Jul.	NDM Nagano Factory
	Oct.	Noda Factory (Nakanodai Area)
2002	Jun.	KFI-WI
	Aug.	KFE
	Oct.	KSP
	Dec.	Edogawa Plant
2003	Mar.	Shuzo Factory (extended)
	Mar.	KFI-CA
2004	Apr.	R & D Division

Noda Plant obtained ISO 14001 certification in May 1997, as the first one to obtain ISO14001 among the Food Industry in Japan.

##### ● Offices under preparation for obtaining ISO 14001 certification

Noda Head Office (expected in 2004)

Tokyo Head Office (expected in 2005)

#### 2. Environmental Accounting

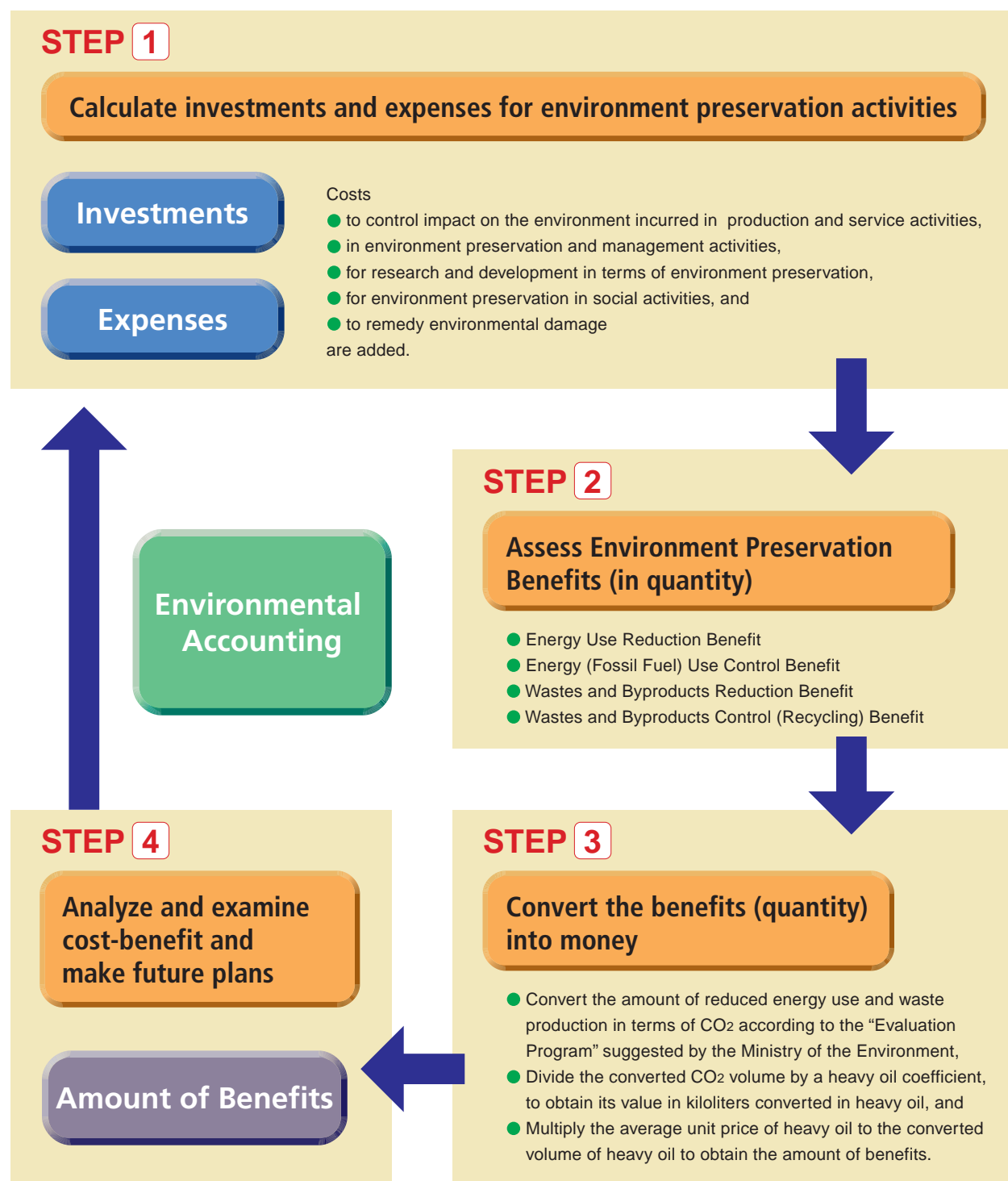
Kikkoman has been publishing its Environmental Accounting (see p.11-12)



< Noda Plant >

## Environmental Accounting (System)

The Kikkoman Group has been publishing the Environmental Accounting of the Group since 2001 (Kikkoman Corp., since 2000) calculated in accordance with the Environmental Accounting Guidelines provided by the Ministry of the Environment. Through calculating Environmental Accounting, costs and benefits in relation to environment preservation can be made clear. As a result, it is expected that more efficient management and a stronger corporate culture can be facilitated, and that new sources of profit can be found.





## Environmental Accounting (FY2003)

The amounts of investment and expenditure that the Kikkoman Group spent during fiscal year 2003 as well as the effect by environment preservation activities (in moneys) will be disclosed.  
(see Annex on p.38 for details.)

### Corporations and periods covered in the Environmental Accounting

April 2003-March 2004	January-December 2003
Kikkoman Corp.	Tone Coca-Cola Bottling Co., Ltd.,
Nippon Del Monte Corp.	Tone Soft Drink Co., Ltd.
Mann's Wine Co., Ltd.	Kikkoman Foods, Inc. (KFI)
	Kikkoman (S) Pte. Ltd. (KSP)
	Kikkoman Foods Europe B.V. (KFE)

### Investment and Expenditure for Environment Preservation

Investment and expenditure for 2003 are calculated according to the Guidelines published by the Ministry of the Environment.

#### ● Investment and expenditure

(in million yen)

Classification by the Ministry of the Environment	Investment	Expense
1) Business Area Cost	974	2,295
2) Upstream/Downstream Cost	11	512
3) Administration Cost	0	338
4) R & D Cost	4	204
5) Social Activities Cost	0	80
6) Environmental Remediation Cost	0	0
Total	989	3,429

### Objective

#### ● Environment Preservation Benefit

(in million yen)

	Benefit
Energy use reduction	19
Energy (fossil fuel) use control	180
Wastes and byproducts reduction	5
Wastes and byproducts control (recycling)	682
Total	886

## Efforts to Preserve the Environment (Biochemical Operations)

The Kikkoman Group is developing environmentally considerate operations in biochemical activities, taking advantage of the academic findings of its century-long research and development sector, in order to contribute to "Food Health and Safety."

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### Applying "Soy Sauce Oil," a byproduct of brewing, to Fish Feed

Based on the finding that Soy sauce oil, generated from the process of soy sauce production, has strong antibacterial and antioxidant activities, Kikkoman succeeded in developing a fish-feed oil from soy sauce oil, which is more effective and economical for fish cultivation than a widely used fish oil made from sardines. Soy sauce oil had been used as an alternative fuel to fossil oil, but, after this development, it is incorporated in the food chain under the provision of nature. As an excellent example of a resource recycling system, this technology was awarded by the Director of the Industrial Science and Technology Policy and Environment Bureau, the Ministry of Economy, Trade and Industry for 2003.



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### Checking for food residues using the light emission mechanism of fireflies

Fireflies emit light using a specific substrate and an enzyme, and a special acid (ATP) that every creature has. Using this mechanism and a new enzyme production technique without harming living fireflies, Kikkoman developed a system to detect microorganisms or fragments of living things (residue). It is now used to enhance the environmental sanitation of food processing factories, kitchens, stock farms, poultry farms, the prevention of intra-hospital infections, and the reduction of wastes. Furthermore, it is used at NASA to help prevent biological pollution between planets.



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### Health foods for pollen allergy from unused tomato resources

Kikkoman discovered that naringenin calchone that is contained in the tomato peel which had been removed in the processes of manufacturing tomato juice and ketchup works to help alleviate allergic actions, and developed health food supplements to lighten the symptoms of pollen allergy.



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### Antioxidant foods from unused grape resources in wine processing

Kikkoman developed a technology to get the high-purity polyphenol from grape seeds that were removed in the process of wine production. Using this polyphenol, Kikkoman developed health food supplements with antioxidant and skin-whitening actions. This product development technology was awarded the Society Award for Technological Research by the Japan Society for Bioscience, Biotechnology and Agrochemistry in 1999.



## Efforts to Preserve the Environment (Logistics)

The Kikkoman Group reformed its logistics system to improve the operation efficiency. It not only improved the costs of distribution, but also has led to the building of an environmentally considerate logistics system.

### Transportation directly from factories helped reduce truck traffic

Since merchandise was transported from every factory to the 27 depots throughout the country, the transportation system had been complicated (Chart 1). The countrywide distribution system was rearranged by placing three Distribution Centers and two Depots, and then the flow lines were greatly simplified (Chart 2). When an order received in the morning, the merchandise will be loaded on a truck at the Distribution Center and transported to a Transit Center (a relay station without storehouse) in the afternoon. At the Transit Center, the packages of merchandise will be combined with those of other manufacturers using the joint distribution network, and the merchandise is delivered to the customers in the following morning. The distribution costs were reduced, and at the same time, the total volume of running of trucks has been reduced, thus contributing to the lowering of environmental pollution.

Chart 1 Past

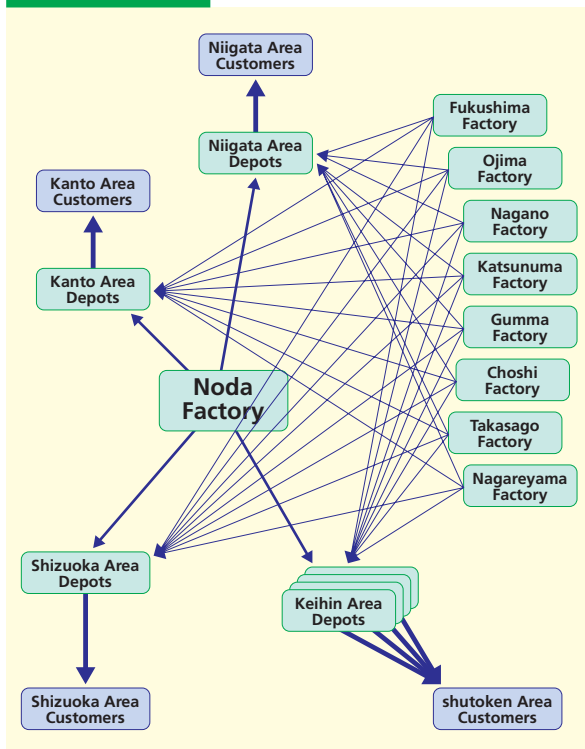
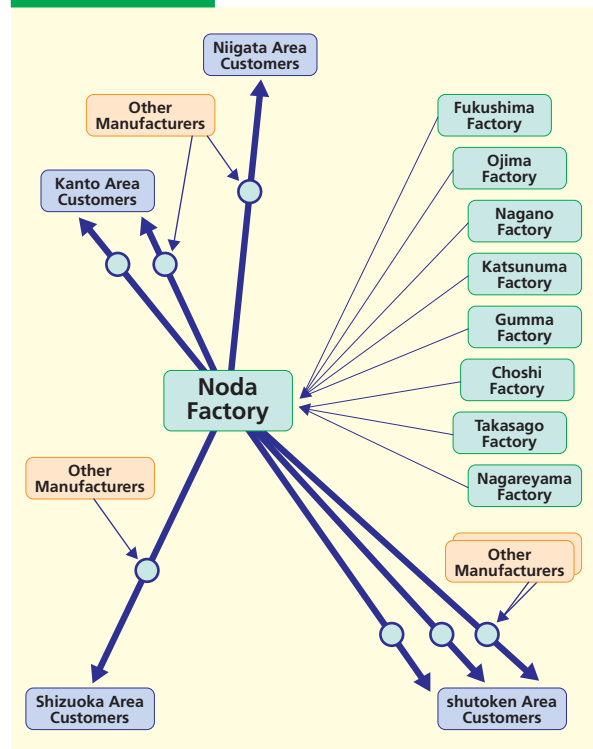


Chart 2 Present



### Rationalized loading and unloading

Upon the completion of the fully automated storehouse, Kikkoman rationalized loading work to improve the movement of trucks and forklifts. As the result, noise, vibration, and accidents were reduced along with exhaustion gas and CO<sub>2</sub>, and environmental improvement was enhanced.



< Noda Logistics Center >

### Use of container trains and freight yards

When the Japan Railways shifted its transportation services from conventional goods wagons to container wagons, Kikkoman shifted 70 percent of its railway freight transportation from the conventional wagon to use 5-ton containers, an optimal lot. Ever since, Kikkoman has continued to use railway transportation. Considering the environment of the country, we will increase railway transportation in the future.

### Efforts to Preserve the Environment (“Green” Procurement)

When purchasing products and services, the Kikkoman Group considers the necessity of choosing and purchasing services and products that cause the least stress on the environment. And as a product supplier, the group is making every effort to produce products with little load on the environment.

#### Noda Head Office Building is an example of great green procurement

The Kikkoman Noda Head Office Building, completed in 1999, has a variety of devices as follows:

- 1) Light - Natural light comes in through glass curtain walls applied to all the faces of the building, reducing the cost of lighting.
- 2) Heat - Sunshine controlling shades and recovery-type pumps reduce heat load.
- 3) Wind - The natural air ventilating system geared to the opening and closing of windows helps reduce air-conditioning energy.
- 4) Water - Rainwater is stored and used for toilet flush to preserve water resources.

The building received the 4th Sustainable Architecture Award of the Year 2003 by the Japan Institute of Architects. As described on the certificate of merit, it was praised as a high-quality building that keeps harmony with the environment which opens up a new horizon as a model for the age of environmental concern, and that was constructed based on the clear ideas on environmental preservation and sustainable development, and an excellent concept and prominent technology.



#### Examples of green procurement

Kikkoman distributes a booklet “Green Procurement Guide Book” to all divisions and departments in the corporation to help all the employees join in green procurement efforts. As a concrete activity, work clothes made of cotton and polyester fiber processed 100 percent from recycled PET bottles are used in the production and R&D sectors. Kikkoman developed non-wood pulp paper in which soy sauce cake is mixed. This paper is now used to make envelopes, business cards and so on.



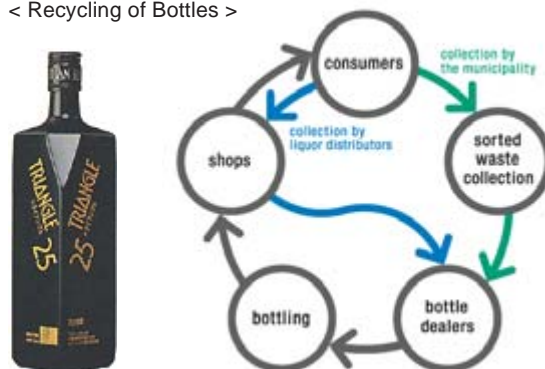
##### Quality Description

Polyester 60% (made 100% of recycled PET bottles),  
Cotton 40%, C-ST 3845, Made in Japan

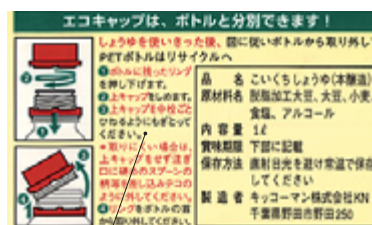
#### Examples of Green Supply

The unique triangle design of Manjo Shochu (spirit) bottle is widely favored. With the cooperation of customers, retailers and collection services providers, the bottles are recycled as a part of our effective resource use. The inner stopper of a soy sauce PET bottle can be easily removed and disposed together with the cap, while the PET bottle is recycled. This is called Kikkoman “Eco-Cap.”

##### < Recycling of Bottles >



##### < “Eco-Cap” >



< An Eco-Cap can be separated from the bottle easily >  
After using up soy sauce, take off the cap as shown below from the PET bottle and put the bottle to recycling.

- 1) Push down the ring on the mouth of the bottle.
  - 2) Put the upper cap on again.
  - 3) Twist off the upper cap and inner stopper together.
- \* If it is hard to take off the inner stopper, insert a hard spoon handle or the like as leverage to the mouth to take it off without putting the upper cap.
- 4) Take off the ring from the bottleneck.



### Efforts to Preserve the Environment (Communication)

The Kikkoman Group publicizes its environment preservation activities to both inside and outside the affiliated corporations in an effort to share and enhance our consciousness to care for the environment.

#### Publication of reports on environmental activities

Kikkoman Corp. began publishing its Environmental Report on the Internet in 1988. In 2001, this report was extended to include the environmental efforts of eight corporations covering major affiliates in Japan and overseas subsidiaries (see p.12) in the name of Kikkoman Group Environmental Report. Further in 2004, the contents were expanded, and the title was changed to the Sustainability Report. The Report is published on the Internet as part of our efforts to save paper resources and to reduce wastes. However, when necessary, the report also is printed on the paper made using soy sauce cake. Additionally, Nippon Del Monte Corp. and Tone Coca-Cola Bottling Co., Ltd. publish their own Environmental Report. Please contact the following for the details:

- Nippon Del Monte Corp.  
Telephone: +81-3-3669-2070
- Tone Coca-Cola Bottling Co., Ltd.  
<http://www.tone.ccbc.co.jp/>

(Only Japanese version is available.)

#### Prepared an 8-page pamphlet in size A4 to give an overview of the environmental management

In 2004, the Kikkoman Group prepared an 8-page pamphlet in size A4 to give an overview of the environmental management of the group to our stakeholders. This pamphlet is printed on the paper containing soy sauce cake. To obtain a copy, please contact through e-mail at [kankyo@mail.kikkoman.co.jp](mailto:kankyo@mail.kikkoman.co.jp) (Only Japanese version is available.)



#### Making positive use of lecture meetings and exhibitions

The Kikkoman Group positively takes part in events organized by government agencies and various other organizations to introduce its environmental preservation efforts through lectures and exhibits.



< Symposium on the Environment 2003 Chiba Conference/Lecture Meeting >



< Symposium on the Environment 2003 Chiba Conference/Exhibition >

#### Environmental Education for Employees

Kikkoman conducts environmental education for all classes of employees, ranging from “building environment consciousness” at new employee education, and capacity building to “identify and solve environmental problems” at middle management education. We send concerned staff members to various accrediting training courses to help them obtain certificates such as “pollution control manager,” “special industrial waste manager,” “environmental management system auditor” and so on.



# Legal and Ethical Compliance

In order to perform corporate social responsibilities, the Kikkoman Group formulates the Codes of Conduct for both its corporations and employees to practice in their daily activities, and at the same time, consolidates its corporate systems to ensure safety, compliance and justice in manufacturing, and to promote environment preservation.

## Formulation of the Codes of Conduct and the establishment of the Corporate Ethics Committee

The Codes of Conduct were prepared as a yardstick to judge whether the conducts of the corporation and employees are illegal, whether they are correct from a commonsense point of view and whether there are no ethical problems. In addition, the Corporate Ethics Committee was set up under the president, including legal experts from outside the Group. In this way, the Group is promoting the observation of the Codes of Conduct and developing work ethics among its members. Furthermore, a booklet "Case Studies of Infringements" is distributed to every workplace. Employees may submit their views and questions at two liaison offices outside the corporation and one inside the corporation.

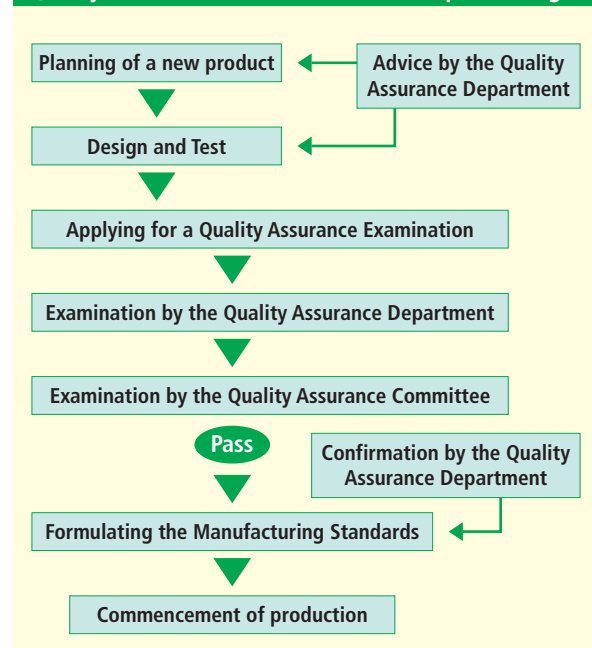
### Codes of Conduct (Table of contents of the booklet)

1. Securing Safety and Living in Harmony with the Environment
2. Business Activities through Fair and Free Competitions
3. Disclosure of Corporate Information and the Promotion of Communication
4. Respect for Human Rights and Creating an Open Working Environment
5. The Observance of Laws and Regulations Inside and Outside the Country, and the Maintenance of Social Order
6. Positive Social Contribution Activities

## Ensuring Quality Assurance

Quality assurance is the minimum obligation of manufactures to consumers. In order to deliver quality products which are legally compliant and just, to ensure safety and deliver satisfaction to consumers, Kikkoman conducts strict product inspection at all levels of new product development, production processes, and marketing. The Quality Assurance Department plays a central role in this activity. (see p. 29)

### Quality Assurance at New Product Development Stages

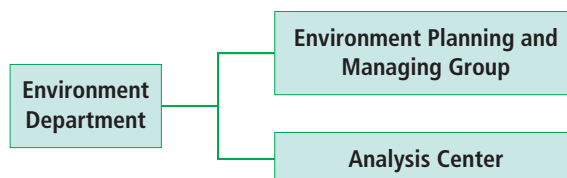


## Environmental Protection

The Environment Department plans and promotes environment preservation activities of the Group in accordance to laws and regulations as well as self-imposed restrictions and guides, and supports environmental activities by all branches and factories.

In the Environment Department, two groups are operating with the following functions:

- 1) Environment Planning and Management Group
  - To plan and support the Group's manufacturing and business operations keeping them in harmony with the environment
  - To support the development of environmentally considerate products and technologies
  - To keep harmony with the environment, and to promote the life and development of local communities
- 2) Analysis Center
  - To promote environment preservation's analyses activities of the Kikkoman Group,
  - To contribute to the environment preservation of local communities as a registered company authorized to certify environmental measurements



# Legal and Ethical Compliance (Cases)

The Kikkoman Group is not only observing laws and regulations, but also establishes voluntary restrictions and makes efforts to prevent the occurrences of illegal actions, to remove their causes, and to maintain justice in the light of social commonsense.

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## Prevention of Environmental Pollution

### 1) Water Pollution

Water Disposal Facility in the Noda Factory Second Production Department introduced "Super Orsettler," equipment to remove phosphor. In April 2003, the density of phosphor content in discharged water was reduced from 16 ppm to 4 ppm under the Water Pollution Control Law. This particular unit is smaller than others but is able to remove phosphor with high efficiency and at a low cost. After introducing the equipment, phosphor density was lowered to half of the regulation level. The installation appeared on the front cover of the May issue of a magazine dealing with environmental purification technology, and contributed to publicizing Kikkoman's environmental efforts. The Noda Factory will continue its efforts to become a factory that is considerate to the earth by providing the stable supply of quality merchandise while protecting the environment at the same time.



### 2) Air Pollution

Such measures were taken as:

- Soot and Dust measures (total shift to heavy oil -A),
- SOx measures (using heavy oil with low sulphur content),
- NOx measures (using heavy oil with low nitrogen, burners with low NOx emission and small boilers with low NOx emission), and
- Photochemical measures (reducing fuel consumption).

### 3) Chemical Substance Control (PRTR Law)

The Pollutant Release and Transfer Register Law was fully enforced in April 2000, but Kikkoman does not use substances covered by this law.

### 4) Noise and Vibration

Such measures were taken as:

- to control noise and vibration at their source by improving equipment,
- to apply soundproof and sound-absorbing walls,
- to monitor the functioning of the equipment by conducting regular measurement and monitoring, and
- to communicate with neighbors in advance about planned construction for their understanding.

### 5) Environmental Hormones

A special committee works to monitor the use of endocrine disrupting contents (dioxin, PCB, DDT, etc.) in packages and their quality. The Committee measured dioxin emission at different places, and found that there was no problem with dioxin. Incinerators have been abolished.

### 6) Soil Pollution

The soil in the related compounds was inspected and it was found that there was nothing illegal.

### 7) Black (black mold) Pollution

The trees, roofs and walls of houses within 100-200 meter radius from a brewing factory may get dark because of *Aureo basidium*, a kind of bacteria generating a black pigment that attaches itself to material surfaces and grows there. This species is a common bacteria existing universally in the air, and it has no pathogenic nature.

Such measures were taken as:

- washing using water and a small quantity of detergent,
- using hermetically closed systems at the source,
- installing water washing devices to air ducts,
- recovering alcohol content from discharged gases, and
- having increased communication with neighbors.

### 8) Greening

Each factory concludes, if it is found necessary, a Greening Agreement with the community of its location. So far, the Director's Award from the Hokkaido Regional Officer of the Ministry of International Trade and Industry, and the President's Award by the Japan Greenery Research and Development Center have been awarded.

### 9) NOx and PM Emissions from Vehicles

The rules were observed restricting the types of vehicles aimed at the reduction of NOx and particulate matter (PM) emissions. We demand that related companies observe the ordinance restricting diesel fuel in the Greater Metropolitan area.

## Legal and Ethical Compliance (Cases)

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### Recycling Laws

#### 1) Food

The recycling and reusing rates have already achieved the level stipulated in the Food Recycling Law.

Furthermore such methods will be developed as:

- manufacturing methods to reduce food resources,
- wastewater treatment methods, and
- possible means to process food resources waste into compost and feed.

#### 2) Container and Packaging Recycling Law

To comply with the Containers and Packaging Recycling Law, many efforts have been made to develop recyclable packages and containers.

(see p.15 "Green" Procurement)

#### 3) Construction Materials

In accordance with the Construction Materials Recycling Act, waste construction materials such as concrete, asphalt concrete and timber specified in the law are separated and recycled as resources.



< Construction Materials Yard >

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### Industrial Waste Control and Disposal

#### 1) Industrial Waste

Only licensed disposal dealers are commissioned for the collection, transportation and disposal of industrial waste.

#### 2) Disposal Equipment

Wastewater is properly treated by installing sludge dehydrators, which are special equipment.

#### 3) Disposal Facility

The final disposal facility in Noda (controlled reclaiming site with an area of 2,853 sq. m.) has been maintained.

#### 4) Recycling and Reusing Rates

Incorporating the enhancement of recycling and reusing rates in the mid-term and long-term goals, the comprehensive activities have been promoted (see p.9 Waste Recycling Rates).



< Wastewater Disposer / Sludge Dehydrator >

### Environment Preservation Programs of Affiliated Corporations Nippon Del Monte Corp.

"Give shape to the word 'Tasty!' The Del Monte of vegetables and fruits." Under this motto, Nippon Del Monte Corp. aims to offer products that are good for one's health, and makes every effort to preserve the natural environment, which is the mother of the company's products.

Nippon Del Monte Corporation website: <http://www.delmonte.co.jp/english/>

#### Reduction of CO<sub>2</sub> emission by using highly efficient boilers

Fire-tube boilers currently in use at factories to sterilize production processes are being replaced with more efficient through-flow boilers. At the Nagano factory, 4 through-flow boilers were replaced and 8 new ones were added, and at the Fukushima factory, 5 new ones were installed. As a result, heavy oil use at the two factories decreased by 185.7 kiloliters per year, equivalent to the reduction of 500 tons of CO<sub>2</sub> emission per year. As the boiler replacement will continue at other factories, Nippon Del Monte will further decrease its CO<sub>2</sub> emission.



< Fire-tube boiler >  
A large boiler with 15t/h capacity



Replaced



< Through-flow boiler >  
A highly heat efficient boiler with 2t/h capacity

#### Various environmental considerations to the PET bottle filling lines additionally installed in the Gumma Factory

Around the PET bottle filling lines added to the Gumma Factory, Del Monte has devised the means to develop an environmentally conscious working environment, considering its employee environment, and the amounts of energy and chemical use.

##### 1. Working Environment

- The floor coating medium for some areas was changed to methacrylic resin.
- The solution used for carton stamping machines was changed from methyl ethyl ketone to alcohol.

##### 2. Saving Energy

- Electricity consumption was reduced by applying a heat insulation coating medium on the roofs.
- Electricity consumption was reduced by using air compressors with an inverter

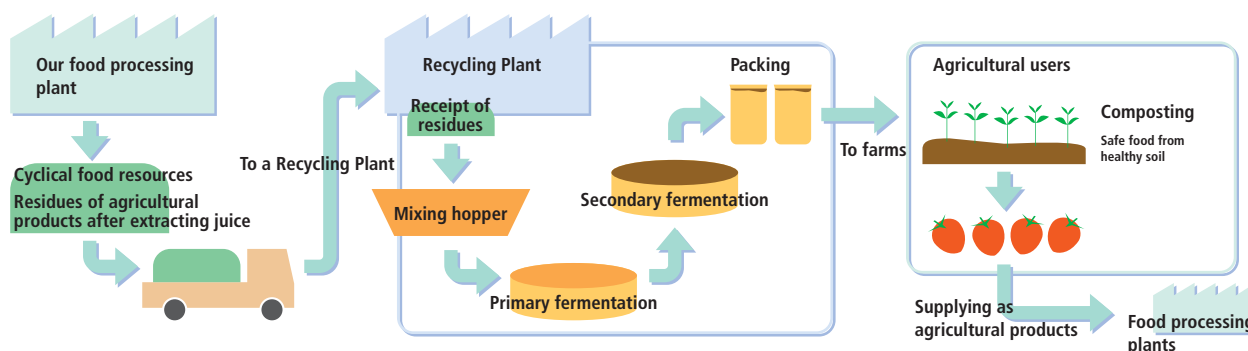
##### 3. Chemical Use Reduction

- The use of chemical for pasteurization was reduced by improving the washing method.



#### Reusing Cyclical Resources

The residues of fruits and vegetables after extracting juice at food processing plants are fermented at recycling plants and offered as compost, a cyclical food resource, to neighboring farming houses. The produces thus grown in the healthy soil are used at food processing plants.





### Environment Preservation Programs of Affiliated Corporations Mann's Wine Co., Ltd.

Wine is a gift from nature. For Mann's Wine, the natural environment is a partner in its production, and the foundation for its business sustainability.

Mann's Wine Co., Ltd. is making daily efforts to enhance the health of its natural environment.

Mann's Wine Co., Ltd. website: <http://www.wine.or.jp/manns/> (Only Japanese version is available.)

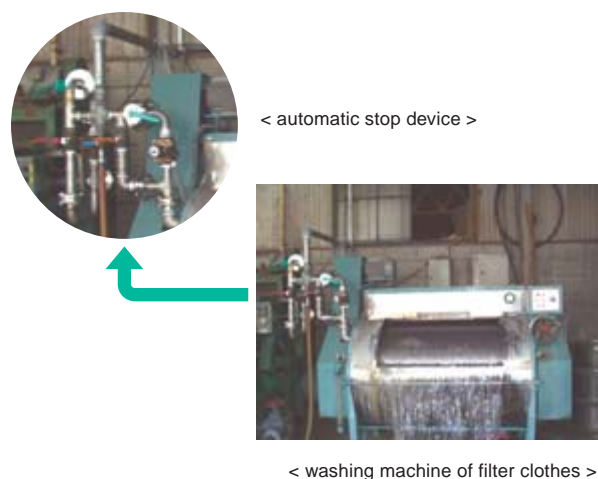
#### Recycling Industrial Wastes

Using grapes and other fruits as raw materials to brew wine alone will not be a sufficient expression of our gratitude to nature. Waste after using fruits for wine production (stalks, cake, residue from the brewing process) is returned to the soil of the farm as compost to enrich the power of nature.



#### Resource Protection

An automatic stop device was installed to the washing machine of filter clothes used at the final stage of wine production to enhance its clarity, resulting in saving electricity and 30,000 - 40,000 tons of water a year.



#### Maintaining Natural Environmental Beauty and Opening the Park to the Public

The Komoro Factory in Nagano prefecture is located on a hill looking down the river Chikuma with Mt. Asama at the back. Taking advantage of this topography, Mann's Wine built "Manjuen," a 10,000 sq. m. Japanese-style garden. Many visitors come here to enjoy the natural beauty of the area in all seasons.





### Environment Preservation Programs of Affiliated Corporations Tone Coca-Cola Bottling Co., Ltd.

Tone Coca-Cola Bottling Co., Ltd., is sincerely trying to offer its customers "refreshing satisfaction" together with Coca Cola. Under the motto of the company, "We think, We do," the company is making efforts to be a "responsible corporate citizen" in Chiba, Ibaraki and Tochigi prefectures.

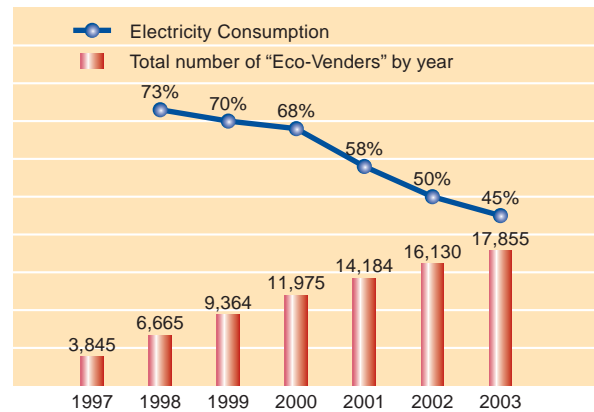
Tone Coca-Cola Bottling Co., Ltd. website: <http://www.tone.ccbc.co.jp/> (Only Japanese version is available.)

#### Introduction of the environmentally friendly "Eco-Vender"

Since 1996, Tone Coca-Cola Bottling has been replacing its automatic venders with the new "Eco-Vender" in which an automatic energy-saving mechanism and an automatic light adjusting mechanism are installed. By 2003, 70 percent of the vending machines in the sales area have been replaced. The Eco-Vender also uses a new gas R407C or R134a in place of chlorofluorocarbons as a refrigerant, both with zero ozone depletion potential. By 2005, we aim to use non-chlorofluorocarbons in all vending machines.



< Automatic vending machine "Eco-Vender." >



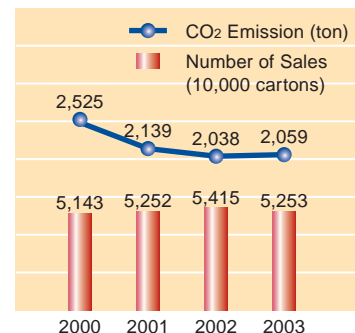
< Energy-saving by using a new type of vending machine >

#### Lowering Load on the Environment by Rationalizing Distribution

Tone Coca-Cola Bottling has introduced a telephone ordering system (at the Customer Service Center) to enhance efficiency in product distribution, and a new logistics information system (LIS) using supply chain management with an intention of reducing CO<sub>2</sub> emission. Since 2000, the company has been managing the amounts of distribution and CO<sub>2</sub> emission by keeping records of these data. We will make further efforts to manage the efficient distribution of our products.



< Customer Service Center >



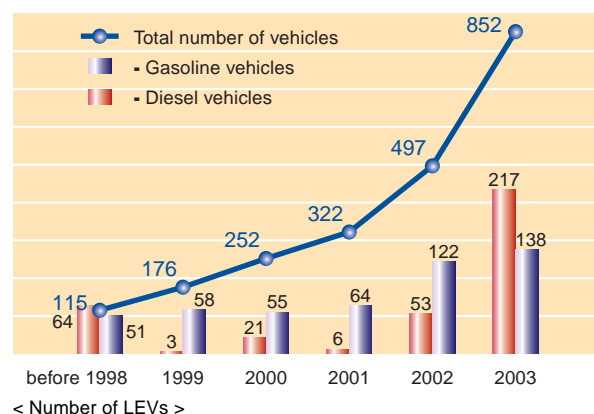
< Sales Quantity and CO<sub>2</sub> Emission >

#### Reducing CO<sub>2</sub> and NO<sub>x</sub> emissions by positive introduction of LEVs and NGVs

Tone Coca-Cola Bottling has introduced 355 low emission vehicles (LEVs, 138 gasoline and 217 diesel vehicles) in 2003. The company now has 18 natural gas vehicles (NGVs) in total. More NGVs will be introduced as the number of NG supply stations will increase in the distribution area.



< Natural Gas Vehicle (NGV) >



< Number of LEVs >

### Environment Preservation Programs of Affiliated Corporations Tone Soft Drink Co., Ltd.

Under the action guidelines of "Change, Creation and Challenge," and with a motto to deliver refreshing and delicious products to customers, Tone Soft Drink Co., Ltd. has accumulated environmentally-considerate practices and efforts in the daily operations of manufacturing Coca-Cola products, and developing, manufacturing and selling its own brand of refreshing and delicious merchandise.

Tone Soft Drink Co., Ltd. website: <http://www.tonesoft.co.jp/> (Only Japanese version is available.)

#### A more efficient distribution system led to environment preservation

In October 2003, the Sherbet Business Department of Tone Soft Drink Co. Ltd. changed its distribution system from "packing the products in styro-foam containers filled with dry ice" to "packing products in cardboard boxes with a smaller amount of dry ice and sending them by commercial "Cool Delivery Services." As a result, the use of dry ice, which is a mass of carbon dioxide, a greenhouse gas, was reduced to less than half, and styro-foam, which is difficult to recycle, to 5 percent of the previous method.

#### Reducing diesel vehicles for product delivery

Tone Soft Drink is now switching its one-box type diesel vehicles to small gasoline commercial vans to be used to deliver its products to customers (offices and homes) to help clean the air. In 2002, diesel vehicles occupied 54.7 percent of the vehicles, but in 2003, they were reduced to 35.2 percent.



#### Putting the power of nature into people's daily life

Tone Soft Drink offers "Alfa Egg," a home delivery service to a limited area. "Alfa Egg" contains articles to support people's healthy life, such as natural water from the strictly controlled environment of Oku Chichibu, organically grown rice, and primary tea leaves taken from strictly selected tea farms. "Alfa Egg" is a bridge between nature and customers.



Collecting water

Packing



Line process



Quality control system  
- 48-hour test-tube cultivation for quality inspection

### Environment Preservation Programs of Affiliated Corporations

#### KIKKOMAN FOODS, INC.

Kikkoman Foods, Inc. (KFI) celebrated its 30th anniversary in May 2003, and has a total 115,000 kiloliter production capability combining its Wisconsin and California plants. Now as "America's Kikkoman," KFI carries out its responsibilities and contributions to the society and land of America. (see p.35)

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#### California Plant received the WRAP Award 3 years in spell

In October 2003, the KFI California Plant received the Waste Reduction Awards Program (WRAP) award from the California State Environmental Protection Bureau for its efforts in reducing industrial wastes. It was the fourth time to win the award, and it received WRAP award in three consecutive years. In particular, its efforts to save power by applying the wastewater monitoring system and changing its boiler operation system, and its efforts to promote the recycling of plastics, paper and cans were highly appreciated.



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#### Two plants completed ISO 14001 Certification process

KFI California Plant had been preparing to expand the ISO 14001 certification that the KFI Wisconsin Plant had obtained before to the multi-site certification. With the cooperation of the Wisconsin Plant, in March 2003, the California Plant obtained the certification. The advantages of multi-site certification are said to be "shortening preparative and working periods" and "simplifying the management of post-certification programs." With this certification, the process of ISO 14001 certification of the major overseas plants of the Kikkoman Group is complete.



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#### Making the most of the features of the locations, byproducts of soy sauce brewing are returned to nature

Soy sauce cake and soy sauce oil, two major byproducts from brewing soy sauce, are returned to nature as ingredients for assorted cattle feed. This is possible as KFI has its production bases in Wisconsin and California, both major cattle breeding areas in the United States.



---

#### Cherry trees planted within the plant compound

Cherry tree lines in the compound of the nearly 30-year old KFI Wisconsin Plant become full bloom every year and attract local people to enjoy viewing. Cherry tree seedlings were planted on the grounds of the California Plant as well. Looking at the small flowers, people there entertain growing expectations for its future landscape.



### Environment Preservation Programs of Affiliated Corporations

#### KIKKOMAN (S) PTE. LTD.

Kikkoman (S) Pte. Ltd. (KSP) located in the beautiful country of Singapore filled with green and gardens was established in 1983 as the second overseas plant of the Kikkoman Group. It started shipping in full scale in 1985. It is determined to protect the garden city environment in its business operations. (see p.35)

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#### Change of its boiler fuel

In July 2002, KSP began replacing heavy oil with light oil for its boilers. Since the beginning of 2003, light oil has been used throughout the year. With this, the environmental load by CO<sub>2</sub> has been reduced.

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#### Channeling Air from the Compressor

Air used to be sent from the compressor to every manufacturing process by using one air channel. In June 2003, the separated air channels were installed and as each process was finished, the bulb stopped sending air. With this, the total volume of air decreased, and power to operate the compressor was saved.

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#### Improving the Thermal Sterilizer

Water had been used to cool the thermal sterilizer. Since June 2003, unheated soy sauce has been applied instead of cooling water. With this liquid substitution, water and electricity were saved and steam was reduced.



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#### Stop using the large compressor at night

Since September 2003, KSP has been operating a small compressor at night instead of the large one that had been operating. This resulted in the reduction of power use.



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#### Environmental consideration given to an expansion work

In order to meet remarkable growth in the markets in Asia and Oceania, KSP has expanded its factory. During the expansion construction, full consideration has been given to prevent air, water and noise pollution, and enhance the surrounding environment by planting trees.





### Environment Preservation Programs of Affiliated Corporations

## KIKKOMAN FOODS EUROPE B.V.

Kikkoman Foods Europe B.V. (KFE) entered its 7th year of operations in its beautiful environment in the Netherlands. All the employees have worked together to obtain ISO14001 certification, and they are now devoted to preserving the environment under the ISO14001 environmental management system. (see p.35)

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### To preserve nature

KFE signed an “Environmental Permit” \* with the municipality of Hoogezand Sappameer. Under this permit, KFE strictly separates its wastes for collection, and places chemical containers outside the factory to manage dangerous materials. Separated collection of wastes is so strictly practiced in the Netherlands that even weeds and fallen leaves must be sorted in addition to household garbage and trash.

\* The Environmental Permit contains requirements to prevent general pollutants and improve the means to control elements such as noise, emissions, water discharge, and storage of wastes. It also contains rules to maintain the landscape around the factory. These clauses are determined through negotiations between KFE and the municipal authority, and contents may differ according to the location, type of industry and feasibility of compliance.



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### Cooperating with natural preservation

As a corporate citizen, KFE is actively contributing to the environmental preservation program of the Netherlands, which is known as an “environmentally developed” country. KFE made a donation to improve the water quality of Lake Zuidlaardermeer in Groningen state and cooperated with planting trees there.

The Kikkoman Windmill pumps up water from the lake little by little to the water-purifying pond, and the water flows slowly in the land and returns to the lake. While flowing in the pond, the water is purified by microorganisms and by the work of the ecology of the pond.



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### Giving back to nature

Soy sauce cake, a byproduct of processing soy sauce, is used as an ingredient of feed for cattle grazing in rich nature. Once a week, about 12 tons of soy sauce cake is loaded on trucks and transported to a feed factory. In the Netherlands, the rights of cows are protected, and keeping cattle with a nose ring is not favored as it gives stress to them. We often see cattle and horses pasturing on our way to work.



---

### Beauty of Japan in the Netherlands

Cherry tree seedlings were planted in 1997 to celebrate the opening of KFE, and now they have grown to bloom. In the years to come, these cherry tree lines will please the eyes of citizens as beauty that is typical of Japan.





# Keeping Harmony with Society

## Social Activities of the Kikkoman Group

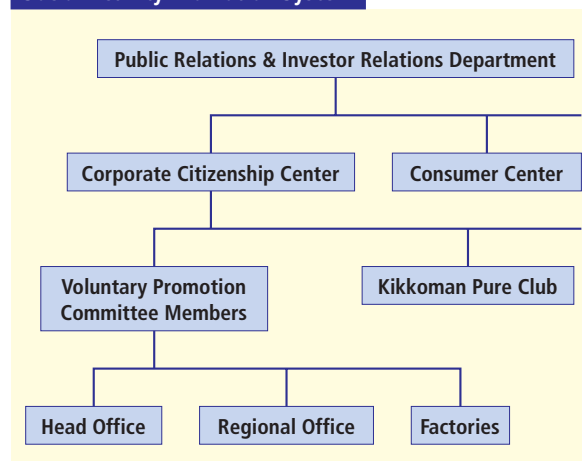
The Kikkoman Group respects the culture, tradition and customs of the respective localities where its business bases are located, and makes efforts to contribute to the development of local societies through business, social and voluntary activities with an aim to become a trusted corporate citizen.

### Social Activity Promotion System of Kikkoman Corp.

Under the management policy to “become a company whose existence is meaningful to the global society,” Kikkoman promotes social activities from food and health perspectives “while valuing Japanese food culture and keeping harmony with world food cultures and the environment,” and systems devoted for such activities are established as follows:

- 1) Corporate Citizenship Center  
The central body of social activity within Kikkoman corp. to plan and administer programs in order to realize the basic concept.
- 2) Voluntary Promotion Committee Members  
Members appointed at each branch and factory to promote social activities.
- 3) Kikkoman Pure Club  
The organization to manage such events as “Parents and Children Cook and Eat Together” and “Discover World Foods.”

#### Social Activity Promotion System



(see p.37 History of Social Activities of the Kikkoman Group)

### Volunteer Activity Support System for Kikkoman Employees

Community Activity Support System	The corporation provides employees or branches with a money gift to support them in conducting community activities.
Matching System	When employees donate to NPOs or NGOs, the corporation donates at a certain rate.
Volunteer Leave System	An employee can take a long-term leave to take part in a voluntary service.

### Social Activities by Kikkoman Corp.

For the public	“Parents and Children Cook and Eat Together”	Joint cooking experience for parents and children
	“Discover the World Foods”	Charity cooking event co-organized by an NGO
	“Communication with sign language and cooking”	Interaction with the hearing disabled over cooking
	“Promotion of education through food, consuming locally produced products”	Cooking courses and seminars to re-discover the local products and to spread the concept of consuming locally produced products
For the employees	“Learning Programs”	Lecture meetings and experiential courses on the subjects of voluntarism, welfare, international cooperation
	“Participation in Programs”	Participation by employees as staff members in the programs organized by the Corporate Citizenship Center
	“Area Programs”	Local-based programs planned and implemented by branch offices and factories
	“Collection Activities”	Collecting used stamps and other items to donate to NGOs and NPOs for their fund raising
	“Fund-raising Activities”	Fund raising among the employees to help developing countries or disaster-stricken areas

### With a Global Perspective

Working in the global network, the Kikkoman Group is aware of the necessity of having a global perspective in performing its social responsibilities, and seeks a meaningful presence in the world as a global citizen.

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#### Participation in the Global Compact

UN Secretary General Kofi Annan called upon the business communities of the world in 1999 to verify with their actions that business corporations providing humane working conditions and protecting the environment on the global level are not only right but also beneficial to their businesses. He also announced the nine principles of the Global Compact.

##### Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
2. make sure that they are not complicit in human rights abuses.

##### Labour Standards

3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. eliminate discrimination in respect of employment and occupation.

##### Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Kikkoman announced its desire to participate in the Global Compact in January 2001, the first Japanese company to do so. In 2003, Kikkoman was an active member of the Advisory Council to the Global Compact. This is a means to demonstrate Kikkoman's management concept "to become a company whose existence is meaningful to the global society."



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#### Participation in the World Business Council for Sustainable Development (WBCSD)

The World Business Council for Sustainable Development (WBCSD) was established in 1991 by the International Chamber of Commerce and other business organizations. With a business point of view, the WBCSD advocates adding the concept of "environmental efficiency" to the conventional "economic efficiency" in order to realize sustainable development on the global level and carries out activities to this effect. As of the end of 2003, 180 corporations from 34 countries and 22 corporations from Japan are members of the Council. As the only member from the food industry in Japan, Kikkoman is working to realize its purpose.

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#### Youth for Understanding (YFU) Kikkoman Summer Activity

Youth for Understanding (YFU) is a non-profit organization promoting youth exchange in 50 countries. In Japan YFU Foundation is promoting YFU activities. Kikkoman began to support this organization in 1978, and since 1998, it has been supporting projects to invite American high school students for a 40-day homestay program in Japan during the summer vacation, and to send Japanese high school students to stay in the United States for one year. In 2003, 26 American high school students visited Japan, and Kikkoman held the YFU Kikkoman Summer Activity on July 16 for them inviting also Japanese high school students.



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#### St. Valentine's Day and White Day Fund-Raising Campaign

"Save the money you would spend for buying presents on St. Valentine's Day and White Day (Returning Thanks Day) and donate it for the benefit of needy people of the world." Under this motto, the Corporate Citizenship Center calls on the employees for their donation. Money thus donated is given to NGOs engaged in helping to improve children's daily life and to support educational activities for children in developing countries. In 2003, a part of the donation was given to a relief activity for earthquake victims in the southeastern part of Iran.

# Consideration toward Customers

The Kikkoman Group considers the delivery of foods that will make customers happy to be its basic principle. It has systems to serve customers' "Food Health and Safety."

## Safe Food Production

### - Quality Assurance System

At Kikkoman, the strict quality assurance system is applied at every stage of product development, production and marketing by concerned sections with the Quality Assurance Department. At the product development stage, every development team is required to submit an application to the Quality Assurance Committee in accordance to 27 items for "Quality Assurance Audit Application." At the production stage, the Quality Control Division of the production sector monitors the production process according to the "Production Standards." At the marketing stage, relevant departments of distribution, advertising, publicity and sales make joint effort to ensure product distribution without deteriorating the quality, to check misrepresentation or exaggeration in advertising, and to make quick response if something goes wrong with a product and to prevent further occurrences (see, p.17).

#### 27 Items for an application to the Quality Assurance Audit

1	Brand
2	Product classification
3	Product name (volume of contents, number of contents, quality of container)
4	Production code
5	Product code
6	JAS examination
7	Plant in charge
8	Sales channels
9	Section in charge of quality control
10	Production schedule
11	Production plan (volume per year)
12	Possible problems in quality standards and production processes
13	Possible problems in patent, design, trademark, etc.
14	Possible problems in product explanation
15	Label documentation
16	Outline of production processes
17	Microorganisms to be used for production processes
18	Raw material composition standards
19	Production and ingredient standards
20	Microbiological safety and stability
21	Sterilization and bottling conditions
22	Quality assurance period and storage conditions
23	Microbiological test results
24	General storage stability of the product quality
25	Package specifications and conditions to ensure hermetic sealing
26	Environmental assessment of containers and package
27	Others

## Consumer Center

### - Listening to Consumers' Voices

The Consumer Center works as a channel to listen to the voices of consumers. Assigning special staff, it can respond quickly to inquiries, comments and complaints over our products and services using the Kikkoman Quick Response System, which contains relevant data in the computer storage. Precious comments from consumers are communicated to relevant sectors, to be used for improving and developing products and services.

## Club Kikkoman

### - Thinking about Foods with Customers

Talk Shows, titled as "Club Kikkoman," have been organized at various locations since 1999. It is one of the communication channels between Kikkoman and consumers. In 2003, the theme of the Club Kikkoman was "Cherishing Japanese Food" and guests who are working in different food arenas were invited to discuss and propose good eating habits.



## KCC Cooking Classes for Consumers

Kikkoman has organized cooking classes for consumers with different subjects at the KCC Hall in the Tokyo Head Office. Instructors were chefs of restaurants and cuisine researchers, and themes for classes included, "World Cuisines Using Soy Sauce," "Tastes of Professionals," "Cooking Vegetables of the Season," and "Easy and quick cooking." Participants gave favorable comments on the Cooking Classes as opportunities to learn cooking using seasonally available materials and cuisines of other countries.



### Living hand in hand with Neighboring Communities

The Kikkoman Group considers it very important to communicate with people in localities where its branches and plants are located. The branches and plants continue to carry out activities to help community people.

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#### Kikkoman Institute for International Food Culture <http://kiifc.kikkoman.co.jp/english/>

The Kikkoman Institute for International Food Culture was established in July 1999 as the base for research in soy sauce and other fermented seasonings, social and cultural exchange, and the collection and transmission of information. In the Center within the Noda Head Office Building, are the Video Corner, Data Search and Reading Corner and Exhibition Corner which are open to researchers and students from both Japan and overseas, and community people as well. The Institute organizes the "Food Forum" inviting lecturers to speak on their researches on world food culture. On January 27, 2004, Prof. Theodore C. Bestor, Director of Graduate Studies in Social Anthropology in Harvard University, gave a lecture on the theme "World's Largest Fish Market Tsukiji as seen by a Foreigner." The video film "Story of a Soy Sauce Barrel," a documentary film on the process of making the soy sauce barrel which was terminated in 1970 by this Institute won the Silver Medal and the Foreign Minister Award in the 47th competition of films and videos introducing Japan in December 2003.



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#### Biotechnology Class

The Noda Institute for Scientific Research holds a series of open classes titled as Biotechnology for the general public every year. In 2003, two classes were held on August 7 and 8. On August 7, the program was about protein and comprised a lecture and an experiment for high school students, and on August 8, a lecture was given to the general public about "Recent gerontological findings and delaying the progression of gerontics by eating properly."



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#### Area Programs

The Kikkoman "Corporate Citizenship Center" supports community-based activities initiated by branch offices and factories in the name of "Area Programs." In 2003, the Takasago Factory organized the "Exciting Factory Tour" inviting people with disabilities, the Ojima Factory invited people in the neighboring social welfare workshop to a rice pounding and musical exchange gathering, and people at the Noda Head Office Factory visited a neighboring social welfare workshop to help them with their work and had a music exchange meeting.



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#### Kikkoman General Hospital

<http://www.kikkoman.co.jp/hospital/>  
(Only Japanese version is available.)

Kikkoman General Hospital was originally established as a hospital commemorating the coronation of Emperor Taisho by the Soy Sauce Brewers Union (now Kikkoman) in 1914. Now the hospital has developed into a general hospital with 600 outpatients per day, 115 in-patients, and 180 full-time employees. It is widely used by local people. With the motto of "Challenge and Reform," the hospital is engaged in the prevention and treatment of diseases with an aim to become a meaningful presence to local communities.





# Wellbeing of Working People

The Kikkoman Group is making efforts to ensure favorable working conditions to the employees of respective working places, and help them work feeling happy.

## Ensuring Safety in Working Places

With the belief that safety and hygiene are the foundation of good business management, the General Safety and Hygiene Manager is appointed by the president. Under this position, the network of the Safety and Hygiene Committee is established across the companies in the Group to conduct inspection and implementation of priority controlling items. In particular, a campaign to do basics honestly with confidence has been effective along with other Safety and Hygiene activities. The Noda Factory, which has been renewing its Zero Record of Accident that forces employees to take leave from work since 1997, received the Minister of Health, Labor and Welfare Award for Safety and Hygiene in 2003.



## Toward an Employee-Friendly Workplace

Employee-Friendly Working Conditions are developed to help the employees to balance their working and personal life. For example, Kikkoman introduced the parenting leave system long before the Parenting Leave Act was enforced. At present, more favorable conditions than the provisions of the law are applied for the employees. Other childcare-related systems include “shorter working hours for employees under childcare,” “leave to visit a maternity clinic,” “morning sickness leave,” “child nursing leave,” and supporting systems to employees under leave. It is because Kikkoman believes that the experience of parenting provides with valuable information resources for the further progress of food processing companies.

## Supporting voluntary learning initiatives

To help every employee become conscious about “upgrading oneself” and to realize one's career vision in accordance with corporate vision, Kikkoman operates a training program for encouraging them to “learn voluntarily,” “strengthen one's level of specialization,” and “engage in life-long learning.” The training program combines the conventional OJT programs conducted by managers, the human resource development programs developed by the Personnel Department, and the volunteer training courses.(See below.)

### Self-enlightenment type training and Open to the public training

- Correspondence courses
- My challenge
- Support to TOEIC examinees
- Subsidy to those attending Globis Management School
- Training in overseas affiliated corporations
- Study at International School
- Evening Lecture Series

## Mental and Physical Health Maintenance

The Safety and Hygiene Committee, Welfare Committee, and Health Insurance Union are leading employees' health promotion and management efforts. Health control is administered by the Kikkoman General Hospital. As part of health activities of the 2200 employees, a total of 1000 employees belong to one or more of the nearly 90 sports and culture clubs within the corporation. Employees take part in local festivals wearing happi-coats and yukata (summer kimono) to refresh themselves outside work. In order to help employees and their families with their mental health, the Kikkoman Counseling System in cooperation with the Japan Industrial Counselors Association is introduced and widely used.





### Returning Thanks to Nature

Considering "Nature is the Source of our Business Activities," the Kikkoman Group is making efforts not only in the preservation of nature but also in keeping harmony between nature and society as the expressions of its appreciation to nature.

#### Cooperation in the protection of endangered wild life

The *Shima* owl used to be considered a guardian deity of forests by indigenous Ainu people in Hokkaido, but its population has decreased until it is estimated to be around 120. The Kikkoman Chitose Factory supports, as a corporate member, the activities to protect *Shima* owls by the Wildlife Preservation Bureau of Hokkaido Corp. In addition to *Shima* owls, this corporation conducts activities to protect, survey, research on other endangered animals and to educate the public about them.



< Symbol Mark: the Wildlife Preservation Bureau of Hokkaido Corp. >

Kikkoman is extending its cooperation to nature protection activities as below:

The Society to Protect the Green of Pines in Japan, Japan Greenery Research and Development Center, Wild Bird Society of Japan, Japanese Society for Preservation of Birds, Keidanren Nature Conservation Fund, and Lake Zuidlaardermeer project in Groningen state in the Netherlands.

#### Sharing the beauty of nature with people

Kikkoman Corp. has been corporating to run Shimizu Park, 280,000 sq. m., in Noda City, since the park opened in 1894. In this wide land, different flowers bloom in four seasons, in particular, cherry blossom in the spring and colored autumn leaves in the autumn attract many visitors. In the park, there are several old houses and temples with important cultural value. In addition, facilities such as an athletic field, flower garden, pony ranch, camping field, and fishing pond are widely used by primary and secondary school children for their school excursions, and by the public for their recreational activities. The park is loved by many people as a place to enjoy the gifts of nature that give us the healthy sensation of beauty and liberation, and to feel closeness with nature.



Furthermore, the brick-made storehouse in the Noda Factory is open to the public. Here, soy sauce is fermented in cedar-board tubs using only the materials grown in Japan. In the plaza in front of this storehouse, rape blossoms bloom in the spring and cosmos in the autumn and please the visitors with a comfort of looking at natural beauty.



### Social Programs by the Affiliated Corporations

The corporations in the Kikkoman Group carry out programs that will contribute to society to suit their respective social environments, and make efforts to establish their presence as corporate citizens.

#### Environmental beautification in cooperation with community people

(Tone Coca-Cola Bottling Co., Ltd.)

Tone Coca-Cola Bottling joins "Cleaning Campaigns" in Chiba, Ibaraki and Tochigi prefectures, its operation area. In 2003, Tone Coca-Cola Bottling took part in environmental cleaning and preservation activities such as "Kasumigaura and Kitaura Lake Cleaning Operation," "Oarai Beach Cleaning Operation," "Clean Nikko Campaign," and "Hitachi Environment Fair."



< "Kasumigaura and Kitaura Lake Cleaning Operation" >



< "Hitachi Environment Fair" >

#### Helping Environmental Education at School

(Tone Coca-Cola Bottling Co., Ltd.)

Tone Coca-Cola Bottling actively cooperates with environmental education in schools. At Noda City Kimagase Primary School, a group of employees explained how used containers are recycled showing photos, and had a discussion on recycling with children. Students of Noda City Nanbu Junior High School visited the Tone Coca-Cola Bottling Factory to observe container recycling and other environmental activities.



< Noda City Kimagase Primary School >

#### Aroma of festivals to community people

(Mann's Wine Co., Ltd.)

Mann's Wine opens its factory to visitors all the year round to observe the process of wine brewery and promotes interaction with them. In addition, "Harvest Festival" (Komoro Factory in October) and "Wine Festival" (Katsunuma Factory in November) are held and the public are invited.



< "Harvest Festival" >

#### Parents and Children Cook Local Cuisine

(Mann's Wine Co., Ltd.)

The Komoro Factory and Katsunuma Factory respectively organized "Parents and Children Cooking Class" inviting parents and children. At each class, participants cooked a popular local food, stuffed pancake in Komoro and noodles in Katsunuma. Parents were pleased to see their children cooking, and children enjoyed the rare chance of cooking together with their fathers.



< Stuffed pancake cooking class >

## Social Programs by the Affiliated Corporations

### Sharing Accumulated Expertise with the Community (Nippon Del Monte Corp.)

The Fukushima Factory of Nippon Del Monte positively shared its accumulated expertise with various community entities as below:

- Provided the Haramachi City Office with advice and support throughout the process of its obtaining ISO14001 certification.
- Sent the internal environmental auditor of Nippon Del Monte to the Haramachi City Office after its obtaining ISO 14001 certification to help the office with environmental auditing.
- Gave explanations to corporations in Haramachi-city that have not obtained ISO 14001 certification.
- Participated with a leading position in the consortium of the public sector (the prefectural and Haramachi city offices), the academic sector (Fukushima University) and the private sector (26 local corporations) that aimed at the improvement of distribution systems and reduction of their costs.
- Positively involved in the Haramachi City Industrial Promotion Committee and the Industrial Support Center.

### Program celebrating the 30th anniversary of KFI

(Kikkoman Foods, Inc.)

KFI celebrated its 30th anniversary after its first shipping of soy sauce in 1973. As part of its memorial programs, KFI announced its plan to invest 100 million dollars to expand its Wisconsin Plant, and to donate 1 million dollars as a fund to create the Kikkoman Microbiological Fermentation Research Institute in the University of Wisconsin. Welcoming these initiatives, a local paper commented that the former would increase employment by 25 percent and the factory compound by 30 percent, and the latter would increasingly strengthen its bond with the community.



< Local newspaper article >



< Press Interview >

### Cooperation to Renovate the Art Museum (Kikkoman Foods Europe, B.V.)

Based in the Netherlands, KFE has donated to the refurbishing and expanding project of the Rembrandt House. There is an exhibition room named "Kikkoman Zaal" in this art museum.



< Rembrandt House >

## Contents of the Data

## Introduction of the Corporations in the Environmental Accounting

### Contents

▪ Introduction of the Corporation	35
▪ History of Environment Preservation Activities of the Kikkoman Group	36
▪ History of Social Activities of the Kikkoman Group	36
▪ Flow of Materials in the Manufacturing Process of Soy Sauce	37
▪ Environmental Accounting Details Kikkoman Group: Total	38
▪ Environmental Accounting Details Kikkoman Group: Individual Corporations	42

## Introduction of the Corporations

### Websites of Corporations in Japan

Kikkoman Corp.	<a href="http://www.kikkoman.com">http://www.kikkoman.com</a>
Nippon Del Monte Corp.	<a href="http://www.delmonte.co.jp/english/">http://www.delmonte.co.jp/english/</a>
Mann's Wine Co., Ltd.	<a href="http://www.wine.or.jp/manns/">http://www.wine.or.jp/manns/</a> (Only Japanese version is available.)
Tone Coca-Cola Bottling Co., Ltd.	<a href="http://www.tone.ccbc.co.jp/">http://www.tone.ccbc.co.jp/</a> (Only Japanese version is available.)
Tone Soft Drink Co., Ltd.	<a href="http://www.tonesoft.co.jp/">http://www.tonesoft.co.jp/</a> (Only Japanese version is available.)

### Overseas Corporations

<b>KIKKOMAN FOODS, INC. (KFI)</b>	
Head Office / Wisconsin Plant:	N1365 Six Corners Road, Walworth, Wisconsin 53184, U.S.A.
Year of Establishment:	1972
Major Products:	Kikkoman Soy Sauce, Teriyaki Sauce, Salt Reduced Soy Sauce, etc.
California Plant:	1000 Glenn Drive, Folsom, California 95630, U.S.A.
Year of Establishment:	1998
Major Products:	Kikkoman Soy Sauce
<b>KIKKOMAN (S) PTE. LTD. (KSP)</b>	
Head Office / Plant:	7 Senoko Crescent, Singapore 758263
Year of Establishment:	1983
Major Products:	Kikkoman Soy Sauce, Teriyaki Sauce, etc.
<b>KIKKOMAN FOODS EUROPE B.V. (KFE)</b>	
Head Office / Plant:	De Vosholen 100, 9611 TG Sappemeer, The Netherlands
Year of Establishment:	1996
Major Products:	Kikkoman Soy Sauce, Teriyaki Sauce, etc.



## History of Environment Preservation Activities of the Kikkoman Group

1970 Aug.	<ul style="list-style-type: none"> <li>Environmental Measurement Committee was established.</li> </ul>
1971 all year	<ul style="list-style-type: none"> <li>Environmental load was surveyed among all the operations centers.</li> </ul>
1972 Dec.	<ul style="list-style-type: none"> <li>Environmental Management Division was established.</li> </ul>
1976 Oct.	<ul style="list-style-type: none"> <li>Environment Analysis Center was established.</li> </ul>
1989 Nov.	<ul style="list-style-type: none"> <li>Boiler for Soy sauce cake began operation.</li> </ul>
1992 Mar.	<ul style="list-style-type: none"> <li>Environment Protection Division was established.</li> </ul>
Apr.	<ul style="list-style-type: none"> <li>General Environment Protection Committee was established.</li> </ul>
Jun.	<ul style="list-style-type: none"> <li>Environmental Protection Campaign was launched.</li> </ul>
Oct.	<ul style="list-style-type: none"> <li>Environmental Charter was formulated and promulgated.</li> </ul>
1993 Mar.	<ul style="list-style-type: none"> <li>Voluntary Plan was formulated.</li> </ul>
Mar.	<ul style="list-style-type: none"> <li>Environmental Management System began to be established.</li> </ul>
1995 Jun.	<ul style="list-style-type: none"> <li>Internal Environmental Auditing began in production, research and hospital sectors.</li> </ul>
Sep.	<ul style="list-style-type: none"> <li>Kikkoman joined the World Business Council for Sustainable Development (WBCSD).</li> </ul>
1997 May	<ul style="list-style-type: none"> <li>Noda 1st Factory obtained ISO 14001 certification.</li> </ul>
Oct.	<ul style="list-style-type: none"> <li>Internal Environmental Auditing began on a trial basis in related companies and overseas factories.</li> </ul>
1998 Oct.	<ul style="list-style-type: none"> <li>Kikkoman received "Environment and Resource Cooperation Award" by the Nihon Shokuryo Shimbun. (The Japan Food Journal)</li> </ul>
Nov.	<ul style="list-style-type: none"> <li>Annual Environmental Report was disclosed on the Internet.</li> </ul>
1999 Aug.	<ul style="list-style-type: none"> <li>General Environment Protection Committee renamed General Environment Preservation Committee.</li> </ul>
2000 Feb.	<ul style="list-style-type: none"> <li>Goals to reduce greenhouse gases was determined.</li> </ul>
Feb.	<ul style="list-style-type: none"> <li>Goals to recycle waste was determined and published.</li> </ul>
Jul.	<ul style="list-style-type: none"> <li>Annual Environmental Report including an Environmental Accounting and an independent review report was disclosed on the Internet.</li> </ul>
2001 Jan.	<ul style="list-style-type: none"> <li>Kikkoman participated in UN "Global Compact" Initiative.</li> </ul>
Jul.	<ul style="list-style-type: none"> <li>Annual Environmental Report of the Kikkoman Group was disclosed on the Internet.</li> </ul>
Nov.	<ul style="list-style-type: none"> <li>Award by the Minister of Agriculture, Forestry and Fisheries was given in the Resources and Environmental Preservation Category.</li> </ul>
2003 Mar.	<ul style="list-style-type: none"> <li>All major overseas plants obtained ISO 14001 certification.</li> </ul>
Jul.	<ul style="list-style-type: none"> <li>Noda Plant received the Minister of Health, Labour and Welfare Award for Safety and Hygiene for 2003.</li> </ul>
Dec.	<ul style="list-style-type: none"> <li>Noda Head Office received the Sustainable Architecture Award of the year 2003 from the Japan Institute of Architecture.</li> </ul>
2004 Feb.	<ul style="list-style-type: none"> <li>Kikkoman was erected as a "Green Top Runner" by the Sustainable Management Rating Institute.</li> </ul>
Mar.	<ul style="list-style-type: none"> <li>Kikkoman received the Director's Award of the Industrial Science and Technology Policy and Environment Bureau, the Ministry of Economy, Trade and Industry.</li> </ul>

## History of Social Activities of the Kikkoman Group (Cases mainly conducted by the Corporate Citizenship Center)

1997 Jun.	<ul style="list-style-type: none"> <li>Corporation Citizenship Center established.</li> </ul>
Jul.	<ul style="list-style-type: none"> <li>1st Volunteer Promotion Committee meeting</li> </ul>
Sep.	<ul style="list-style-type: none"> <li>Collection of used stamps and prepaid telephone and railway cards for fund-raising started.</li> </ul>
Nov.	<ul style="list-style-type: none"> <li>Area Programs started.</li> </ul>
	<ul style="list-style-type: none"> <li>1st Piccolo Welfare Workshop (Ojima Factory) held.</li> </ul>
1998 Feb.	<ul style="list-style-type: none"> <li>1st St. Valentine's Day Charity Fundraising</li> </ul>
	<ul style="list-style-type: none"> <li>1st Collection of unused postcards for fund-raising</li> </ul>
Nov.	<ul style="list-style-type: none"> <li>1st Asunaro Welfare Workshop (Noda Plant)</li> </ul>
1999 Apr.	<ul style="list-style-type: none"> <li>Fundraising for the victims of the earthquake in Colombia</li> </ul>

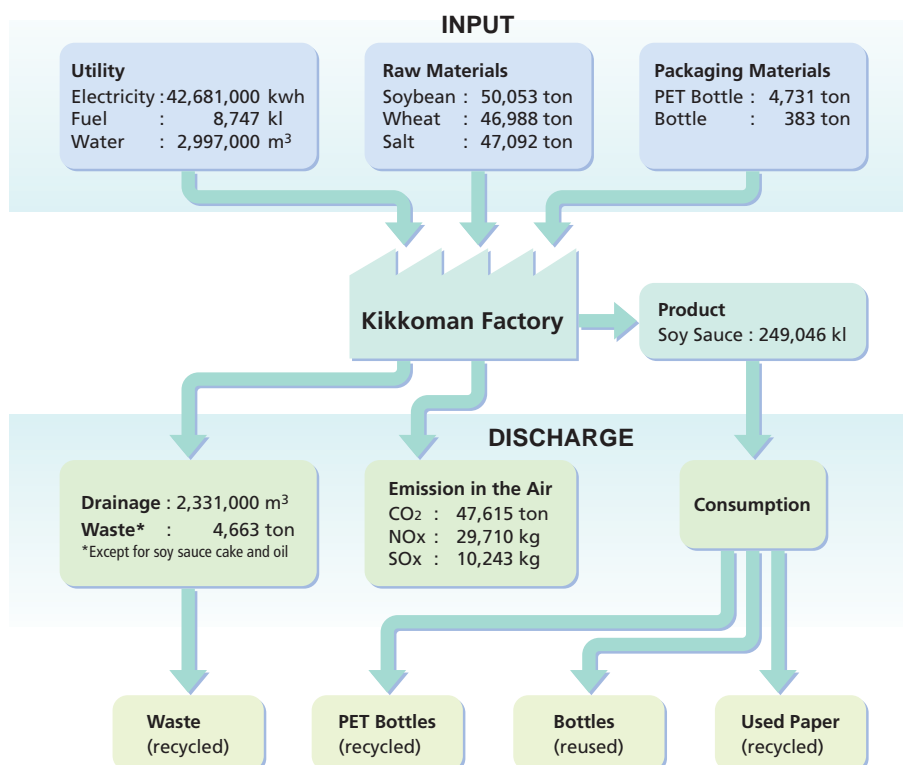


## Reference Data

1999 Jun.	▪ Special Sales Campaign of breads made by Nishiazabu Welfare Workshop held in the Tokyo Head Office
Jul.	▪ Kikkoman Pure Club established.
Aug.	▪ International Event to Learn More about Asia
Oct.	▪ 1st Exciting Factory Tour (Takasago Factory)
	▪ Fundraising for the victims of the earthquake in Taiwan
2000 Jun.	▪ 1st Katsunuma Wine Story
2001 Apr.	▪ 1st World Culture Caravan
May	▪ 1st Training Course on sign language and Braille for the employees in cooperation with the workers' union
	▪ Kikkoman "Children's Forest" Nature School in Shimizu Park
Jun.	▪ 1st Gathering to send books to children in Laos
Oct.	▪ Fundraising for the victims of September 11 attacks in New York
2002 Apr.	▪ Campaign to collect used CDs, game software programs to offer to the Hunger Free World for fund raising
Jun.	▪ "World Culture Festival - Food Stand Villages of 7 Countries"
	▪ Campaign to "Add Braille to your business cards" (Tokyo Head Office)
Jul.- Nov.	▪ Junior Times Reporters Information Collecting Program in partnership with the International Education Information Center
Oct.	▪ "Flower Fantasia & Lunch Time Live" (Noda City Welfare Workshop Noda, Mebuki Institute)
	▪ Kikkoman and AFLAC "Experience with grapes" in Katsunuma Winery (Chofu Gakuen)
2003 Mar.	▪ 1st Parents and Children Cooking Class
Apr.	▪ 1st "Discover World Cuisines" in collaboration with an NGO
Sep.	▪ 1st Diet Education-"Eat Local Products" Promotion Program
	▪ 1st Communication with Sign Language and Food
Oct.	▪ "Japan-America Grassroots Summit Chiba Convention" Noda Regional Workshop (Cooperation with Center for International Exchange)
Dec.	▪ "Discover World Cuisine - Ethiopia" in collaboration with an NGO
	▪ Charity Used Book Market jointly with corporations in Minato city, Tokyo
2004 Feb.	▪ Training course on Sign Language for employees

## Flow of Materials in the Production Process of Soy Sauce

The chart shows incoming and outgoing materials to and from the production process of soy sauce, Kikkoman's major products, from environmental aspect. Energy sources, raw materials and packaging materials are used as inputs to produce soy sauce. In the production process, green house gases (mainly CO<sub>2</sub>), wastewater and wastes are discharged. After consumption, users dispose PET bottles.



## Environmental Accounting Details Kikkoman Group: Total

## 1. Overview of 2003 (million yen)

Environment Preservation		Environment Preservation Benefits	
Investment:	989	Energy use reduction:	19
Expenditure:	3,429	Energy (fossil fuel) use control:	180
		Wastes and byproducts reduction:	5
		Wastes and byproducts control (recycling):	682
		Total:	886

## 2. Investment and Expenditure for Environment Preservation

Investment and expenditure totals for environment preservation in 2003 were obtained following the Guidelines of the Ministry of the Environment.

The total amounts of investment and expenditure were 989 million yen and 3,429 million yen respectively.

Table-1: Total of the Group / Investment and Expenditure for Environment Preservation (million yen)

Classification in the Guidelines by the Ministry of the Environment			
Category		Inv.	Exp.
1) Business Area Costs		974	2,295
(1) Pollution Prevention: Waste water processing equipment, air and noise prevention measures		400	863
(2) Global Environmental Conservation: Energy-saving measures and preventive measures against the destruction of the ozone layer.		567	597
(3) Resource Cycling: Costs for efficient use of resources, waste disposal cost, etc.		7	835
2) Upstream/Downstream Costs		11	512
(1) Distribution: "Green Purchase," Processing recycled containers, Container and Package Recycling Act (reuse as merchandise), Measures to support Classified Waste Collection (Eco-Cap)		11	512
3) Administration Costs		0	338
(1) Promotion of environmental preservation: Environment management, environmental analyses, ISO-related expenses, greening and beautification (head office & factories), etc.		0	338
4) R & D Costs		4	204
(1) R & D: Research for use of byproducts, container development		4	204
5) Social Activities Costs		0	80
(1) Nature preservation, greening & beautification (other than head office and factories) (2) Supporting environmental preservation organizations (3) Supporting local communities, etc.		0	80
6) Environmental Remediation Costs		0	0
(1) Restoration of soil pollution and environmental damage (2) Payments for settlement, compensation, penalty and lawsuit, (3) Insurance and reserve fund.		0	0
Total		989	3,429

## 3. Environment Preservation Benefits

The environmental preservation benefits include energy consumption and wastes and byproducts emissions in scope.

The reduction and suppression amounts of these items were measured as monetary value using the following formula.

$$(\text{Environmental load CO}_2\text{t} / \text{Discharge coefficient of heavy oil 2.710 CO}_2\text{t/kl}) * \text{Average heavy oil unit purchase price (yen/kl)}$$

Steps:

1. The environmental loads of the energy usage and the wastes and byproducts discharge in terms of carbon dioxide (CO<sub>2</sub>) were obtained based on the Eco-Action 21 "Environment Activity Evaluation Program, 2004 version" of the Ministry of the Environment.
2. In order to convert the loads to heavy oil (A grade) volume in kiloliters, the carbon dioxide volumes of both energy usage and waste discharge were respectively divided by a heavy oil discharge coefficient.
3. The heavy oil volumes of both were added, and multiplied by the average unit price of heavy oil to determine the monetary effect of our environment preservation benefits.

## Reference Data

# Environmental Accounting Details Kikkoman Group: Total

## 3-1. Energy Use Reduction Benefit

In the process of production and distribution, great amounts of heavy oil, electricity, natural gas, gasoline and other energy sources are consumed. (Energy Type-1) To evaluate total energy use reduction benefits of these different energy sources, CO<sub>2</sub> discharge amount from each energy source is calculated and the sum of them is compared with the previous year. Table-2 shows the use of heavy oil, light oil and gas was reduced from the previous year, resulting in lightening the burden on the environment by 1,749 CO<sub>2</sub> tons totally. This means a saving of about 19 million yen in energy use was achieved according to the calculation formula.

$$(1,749 / 2.710) * 29,372 \approx 19,000,000 \text{ yen}$$

Table-2: Total of the Group / Environmental Loads by Energy Type-1 (in terms of CO<sub>2</sub>)

Energy	Discharge Coefficient	2003		2002		Rise and fall in CO <sub>2</sub> /y	2003 over 2002 %
		Consumption	in CO <sub>2</sub> /y	Consumption	in CO <sub>2</sub> /y		
Heavy oil (A)	2.710 CO <sub>2</sub> /t/kl	24,285 kl	65,812	24,825 kl	67,276	-1,463	97.8
Light oil	2.624 CO <sub>2</sub> /t/kl	1,272 kl	3,338	1,621 kl	4,254	-916	78.5
Kerosene	2.492 CO <sub>2</sub> /t/kl	15 kl	37	83 kl	207	-169	18.1
Electricity	0.378 CO <sub>2</sub> /1000kwh	123,173,000 kwh	46,559	121,602,000 kwh	45,966	594	101.3
LPG	3.002 CO <sub>2</sub> /t	1,932 t	5,800	1,715 t	5,148	651	112.7
Gas	2.108 CO <sub>2</sub> /1000m <sup>3</sup>	11,075,000 m <sup>3</sup>	23,346	11,489,000 m <sup>3</sup>	24,219	-873	96.4
Gasoline	2.322 CO <sub>2</sub> /t/kl	1,118 kl	2,596	934 kl	2,169	427	119.7
Total			147,489		149,238	-1,749	98.8

## 3-2. Energy (Fossil Fuel) Use Control Benefit

It is said that burning plants or products from plants will not cause CO<sub>2</sub> to increase in the air, because plants absorb CO<sub>2</sub> in the air carbon dioxide assimilation. And soy sauce cake and soy sauce oil, produced from soy beans and wheat in the process of soy sauce production, can be used as a fuel which will not cause a CO<sub>2</sub> increase in the air. (Energy Type-2) The Kikkoman Group has been using these byproducts as fuels for boilers since 1987, aiming at reduction of the use of heavy oil. (See Note below) As shown in Table-3, 16,642 CO<sub>2</sub> tons, or 180 million yen has been saved in 2003, in place of purchasing fossil fuels.

$$(16,642 / 2.710) * 29,372 \approx 180,000,000 \text{ yen}$$

Note: Soy sauce cake is used only for special boilers, and soy sauce oil is used for ordinary boilers.

Table-3: Total of the Group / Environmental Loads by Energy Type-2 (in terms of CO<sub>2</sub>)

Energy use	Discharge coef.* CO <sub>2</sub> /t	2003	
		Consumption t/y	in CO <sub>2</sub> /y
Soy sauce cake (fuel)	1.180	10,902	12,864
Soy sauce oil (fuel)	2.700	1,399	3,777
Total		12,301	16,642

\* Discharge coefficient of soy sauce cake and soy sauce oil are determined by the Kikkoman Group.

Soy sauce cake and soy sauce oil are incinerated at the factories of Kikkoman Corp.

## Environmental Accounting Details Kikkoman Group: Total

### 3-3. Wastes and Byproducts Reduction Benefit

All substances discharge from our production activities are considered as wastes and byproducts, including saleable and reusable materials but excluding soy sauce cake, soy sauce oil and sweet sake cakes which are actually used as energy sources or sold as feed. The environmental loads of these materials are evaluated in terms of converted CO<sub>2</sub> as shown in Table-4.

The total environmental load in 2003 decreased by 436 CO<sub>2</sub> tons or about 5 million yen in monetary terms.

$(436 / 2.710) * 29,372 \approx 5,000,000$  yen

Table-4: Total of the Group / Environmental Loads by Wastes and Byproducts Type (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef.* CO <sub>2</sub> t/t	2003		2002		Rise and fall in CO <sub>2</sub> t/y	2003 over 2002 %
		Discharge t/y	in CO <sub>2</sub> t/y	Discharge t/y	in CO <sub>2</sub> t/y		
Plastics	2.600	1,057	2,748	1,396	3,630	-881	75.7
Cardboard, wood chips	1.650	4,013	6,621	3,650	6,023	599	109.9
Waste oil	2.900	186	539	54	157	383	344.4
Pressed apple lees	1.470	305	448	496	729	-281	61.5
Pressed tomato lees	2.149	229	492	312	670	-178	73.4
Used green tea leaves	1.789	795	1,422	813	1,454	-32	97.8
Sludge	1.100	7,580	8,338	7,565	8,322	17	100.2
Plant residues	2.442	5,684	13,880	5,669	13,844	37	100.3
Garbage	2.442	2,361	5,766	2,401	5,863	-98	98.3
Unburnable wastes **	0.000	8,891	—	8,315	—	—	106.9
<b>Total</b>		<b>31,101</b>	<b>40,256</b>	<b>30,671</b>	<b>40,691</b>	<b>-436</b>	<b>98.9</b>

\* Discharge coefficient of pressed apple lees, pressed tomato lees and used green tea leaves are determined by the Kikkoman Group.

\*\* "Unburnable wastes" include cans, scrap irons, glass and ceramics, which do not emit CO<sub>2</sub> when burnt.

### 3-4. Wastes and Byproducts Control (Recycling) Benefit

Adding to the efforts to reduce wastes and byproducts themselves, as shown the above, increase of the amounts of recycled or reused wastes and byproducts also can be considered as CO<sub>2</sub> reduction benefits, because non-recycled or non-reused wastes and byproducts would cause CO<sub>2</sub> emission if they were burn for the shake of disposal.

The volumes of each recycled wastes and byproducts were obtained and converted to CO<sub>2</sub> amounts which would be emitted when they were burn, using the discharge coefficient, and the sum total was compared with the previous year to determine the recycling benefit.

The total volume of CO<sub>2</sub> emission control generated from recycling benefits for 2003 was 62,915 CO<sub>2</sub> tons, or about 682 million yen in monetary term as shown in Table-5.

$(62,915 / 2.710) * 29,372 \approx 682,000,000$  yen

Including the byproducts reuse data ( shown in Table-3), the total recycling and reuse rate is 93.6% for the whole Group.

## Reference Data

# Environmental Accounting Details Kikkoman Group: Total

Table-5: Total of the Group / Volume of Recycled Wastes and Byproducts (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef.* CO <sub>2</sub> t/t	2003				
		Discharge t/y	in CO <sub>2</sub> t/y	Recycled t/y	Recycling rate %	Recycling volume in CO <sub>2</sub> t/y
Plastics	2.600	1,057	2,748	603	57.0	1,568
Cardboard, wood chips	1.650	4,013	6,621	3,991	99.5	6,585
Waste oil	2.900	186	539	186	100.0	539
Soy sauce cake (feed)	1.180	23,958	28,270	23,958	100.0	28,270
Soy sauce oil (fish feed, other use)	2.700	1,039	2,805	1,039	100.0	2,805
Pressed apple lees (feed)	1.470	305	448	305	100.0	448
Pressed tomato lees (feed)	2.149	229	492	229	100.0	492
Used green tea leaves (compost)	1.789	795	1,422	795	100.0	1,422
Sweet sake cake (feed)	1.080	551	595	551	100.0	595
Sludge	1.100	7,580	8,338	6,297	83.1	6,927
Plant residues	2.442	5,684	13,880	5,372	94.5	13,118
Garbage	2.442	2,361	5,766	59	2.5	144
Unburnable wastes	0.000	8,891	—	8,852	99.6	—
<b>Total</b>		<b>56,649</b>	<b>71,926</b>	<b>52,237</b>	<b>92.2</b>	<b>62,915</b>

When the wastes used as energy sources are added:

Soy sauce cake (fuel)		10,902		10,902	100.0	
Soy sauce oil (fuel)		1,399		1,399	100.0	
<b>Total</b>		<b>68,950</b>		<b>64,538</b>	<b>93.6</b>	

\* Discharge coefficient of soy sauce cake, soy sauce oil, pressed apple lees, pressed tomato lees, used green tea leaves and sweet sake cake are determined by the Kikkoman Group.

## 4. Other Environmental Loads

The volumes of water usage and air pollutants discharge ( NO<sub>x</sub> and SO<sub>x</sub> ) are indicated in Table-6. The amounts of toxic chemicals is not presented here because only limited amounts are used specifically for experimental purposes. The data from overseas factories were converted with Kikkoman criteria.

Table-6: Total of the Group / Other Environmental Loads (the Production Sector)

	2003	2002	Rise and fall	2003 / 2002 %
Water	8,245,000 kl	8,229,000 kl	16,000 kl	100.2
NO <sub>x</sub>	99,920 kg	99,362 kg	558 kg	100.6
SO <sub>x</sub>	28,772 kg	29,913 kg	-1,141 kg	96.2



## 1. Overview of 2003

### Environment Preservation (million yen)

	Kikkoman	Del Monte	Mann's Wine	Tone Coca-Cola	Tone Soft Drink	KFI	KSP	KFE
Investment	332	24	34	511	0	78	10	0
Expenditure	2,024	311	45	834	85	92	4	34

### Environment Preservation Benefits (million yen)

	Kikkoman	Del Monte	Mann's Wine	Tone Coca-Cola	Tone Soft Drink	KFI	KSP	KFE
Energy use reduction	-7	37	1	7	-10	-8	-1	0
Energy (fossil fuel) use control	180	—	—	—	—	—	—	—
Wastes and byproducts reduction	-9	18	0	2	-8	2	0	0
Wastes and byproducts control (recycling)	292	77	17	52	111	109	15	9
Total	456	132	18	61	93	103	14	9

## 2. Investment and Expenditure for Environment Preservation

Table-7-1: Environment Preservation Investment and Expenditure (million yen)  
(Kikkoman, Del Monte, Mann's Wine, Tone Coca-Cola)

Classification by the Ministry of the Environment	Kikkoman		Del Monte		Mann's Wine		Tone Coca-Cola	
Category	Inv.	Exp.	Inv.	Exp.	Inv.	Exp.	Inv.	Exp.
1. Business Area Costs	327	1,354	24	266	34	33	511	474
1) Pollution Control	285	540	7	174	31	22	1	21
2) Global Environmental Conservation	35	213	17	27	3	0	510	356
3) Resource Cycling	7	601	0	65	0	11	0	97
2. Upstream/Downstream Activity Costs	1	182	0	1	0	0	0	324
1) Distribution	1	182	0	1	0	0	0	324
3. Administration Costs	0	239	0	33	0	12	0	30
1) Environment Preservation	0	239	0	33	0	12	0	30
4. R & D Costs	4	204	0	0	0	0	0	0
1) R & D	4	204	0	0	0	0	0	0
5. Social Activities Costs	0	45	0	11	0	0	0	6
1) Nature Preservation 2) Support to NGOs and Communities	0	45	0	11	0	0	0	6
6. Environmental Remediation Costs	0	0	0	0	0	0	0	0
1) Restoration 2) Compensation	0	0	0	0	0	0	0	0
Total	332	2,024	24	311	34	45	511	834

## Reference Data

# Environmental Accounting Details Kikkoman Group: Individual Corporations

Table-7-2: Environment Preservation Investment and Expenditure (million yen)  
(Tone Soft Drink, KFI, KSP, KFE)

Classification by the Ministry of the Environment	Tone Soft Drink		KFI		KSP		KFE	
Category	Inv.	Exp.	Inv.	Exp.	Inv.	Exp.	Inv.	Exp.
1. Business Area Costs	0	74	68	75	10	3	0	16
1) Pollution Control	0	36	66	55	10	2	0	13
2) Global Environmental Conservation	0	0	2	1	0	0	0	0
3) Resource Cycling	0	38	0	19	0	1	0	3
2. Upstream/Downstream Activity Costs	0	5	10	0	0	0	0	0
1) Distribution	0	5	10	0	0	0	0	0
3. Administration Costs	0	6	0	12	0	1	0	5
1) Environment Preservation	0	6	0	12	0	1	0	5
4. R & D Costs	0	0	0	0	0	0	0	0
1) R & D	0	0	0	0	0	0	0	0
5. Social Activities Costs	0	0	0	5	0	0	0	13
1) Nature Preservation 2) Support to NGOs and Communities	0	0	0	5	0	0	0	13
6. Environmental Remediation Costs	0	0	0	0	0	0	0	0
1) Restoration 2) Compensation	0	0	0	0	0	0	0	0
Total	0	85	78	92	10	4	0	34

## 3. Environment Preservation Benefits

### 3-1. Energy Use Reduction Benefit (Environmental Loads by Energy Type in terms of CO<sub>2</sub>)

Table-8-1: Kikkoman Corp. / Environmental Loads by Energy Type (in terms of CO<sub>2</sub>)

Energy	Discharge Coefficient	2003		2002		Rise and fall in CO <sub>2</sub> /y	2003 over 2002 %
		Consumption	in CO <sub>2</sub> /y	Consumption	in CO <sub>2</sub> /y		
Heavy oil (A)	2.710 CO <sub>2</sub> /kl	10,769 kl	29,184	10,489 kl	28,425	759	102.7
Kerosene	2.492 CO <sub>2</sub> /kl	7 kl	17	7 kl	17	0	100.0
Electricity	0.378 CO <sub>2</sub> /1000kwh	51,696,000 kwh	19,541	50,567,000 kwh	19,114	427	102.2
LPG	3.002 CO <sub>2</sub> /t	1,882 t	5,650	1,627 t	4,884	766	115.7
Gas	2.108 CO <sub>2</sub> /1000m <sup>3</sup>	3,690,000 m <sup>3</sup>	7,779	4,307,000 m <sup>3</sup>	9,079	-1,301	85.7
Total			62,171		61,520	650	101.1

## Reference Data

# Environmental Accounting Details Kikkoman Group: Individual Corporations

Table-8-2: **Del Monte** / Environmental Loads by Energy Type (in terms of CO<sub>2</sub>)

Energy	Discharge Coefficient	2003		2002		Rise and fall in CO <sub>2</sub> /y	2003 over 2002 %
		Consumption	in CO <sub>2</sub> /y	Consumption	in CO <sub>2</sub> /y		
Heavy oil (A)	2.710 CO <sub>2</sub> /t/kl	9,657 kl	26,170	10,714 kl	29,035	-2,864	90.1
Light oil	2.624 CO <sub>2</sub> /t/kl	11 kl	29	9 kl	24	5	122.2
Kerosene	2.492 CO <sub>2</sub> /t/kl	8 kl	20	76 kl	189	-169	10.5
Electricity	0.378 CO <sub>2</sub> /t/1000kwh	17,243,000 kwh	6,518	18,238,000 kwh	6,894	-376	94.5
LPG	3.002 CO <sub>2</sub> /t/t	2 t	6	2 t	6	0	100.0
Gasoline	2.322 CO <sub>2</sub> /t/kl	69 kl	160	65 kl	151	9	106.2
Total			32,903		36,299	-3,395	90.6

Table-8-3: **Mann's Wine** / Environmental Loads by Energy Type (in terms of CO<sub>2</sub>)

Energy	Discharge Coefficient	2003		2002		Rise and fall in CO <sub>2</sub> /y	2003 over 2002 %
		Consumption	in CO <sub>2</sub> /y	Consumption	in CO <sub>2</sub> /y		
Heavy oil (A)	2.710 CO <sub>2</sub> /t/kl	302 kl	818	331 kl	897	-79	91.2
Electricity	0.378 CO <sub>2</sub> /t/1000kwh	2,958,000 kwh	1,118	2,884,000 kwh	1,090	28	102.6
Total			1,937		1,987	-51	97.5

Table-8-4: **Tone Coca-Cola** / Environmental Loads by Energy Type (in terms of CO<sub>2</sub>)

Energy	Discharge Coefficient	2003		2002		Rise and fall in CO <sub>2</sub> /y	2003 over 2002 %
		Consumption	in CO <sub>2</sub> /y	Consumption	in CO <sub>2</sub> /y		
Light oil	2.624 CO <sub>2</sub> /t/kl	1,170 kl	3,070	1,495 kl	3,923	-853	78.3
Electricity	0.378 CO <sub>2</sub> /t/1000kwh	7,858,000 kwh	2,970	7,855,000 kwh	2,969	1	100.0
LPG	3.002 CO <sub>2</sub> /t/t	0 t	0	43 t	129	-129	0.0
Gasoline	2.322 CO <sub>2</sub> /t/kl	917 kl	2,129	758 kl	1,760	369	121.0
Total			8,170		8,781	-612	93.0

Table-8-5: **Tone Soft Drink** / Environmental Loads by Energy Type (in terms of CO<sub>2</sub>)

Energy	Discharge Coefficient	2003		2002		Rise and fall in CO <sub>2</sub> /y	2003 over 2002 %
		Consumption	in CO <sub>2</sub> /y	Consumption	in CO <sub>2</sub> /y		
Heavy oil (A)	2.710 CO <sub>2</sub> /t/kl	3,028 kl	8,206	2,798 kl	7,583	623	108.2
Light oil	2.624 CO <sub>2</sub> /t/kl	91 kl	239	117 kl	307	-68	77.8
Electricity	0.378 CO <sub>2</sub> /t/1000kwh	14,073,000 kwh	5,320	13,345,000 kwh	5,044	275	105.5
LPG	3.002 CO <sub>2</sub> /t/t	48 t	144	43 t	129	15	111.6
Gasoline	2.322 CO <sub>2</sub> /t/kl	129 kl	300	109 kl	253	46	118.3
Total			14,208		13,316	892	106.7

Table-8-6: **KFI** / Environmental Loads by Energy Type (in terms of CO<sub>2</sub>)

Energy	Discharge Coefficient	2003		2002		Rise and fall in CO <sub>2</sub> /y	2003 over 2002 %
		Consumption	in CO <sub>2</sub> /y	Consumption	in CO <sub>2</sub> /y		
Heavy oil (A)	2.710 CO <sub>2</sub> /t/kl	41 kl	111	0 kl	0	111	—
Electricity	0.378 CO <sub>2</sub> /t/1000kwh	24,349,000 kwh	9,204	23,766,000 kwh	8,984	220	102.5
Gas	2.108 CO <sub>2</sub> /t/1000m <sup>3</sup>	6,453,000 m <sup>3</sup>	13,603	6,258,000 m <sup>3</sup>	13,192	411	103.1
Gasoline	2.322 CO <sub>2</sub> /t/kl	3 kl	7	2 kl	5	2	150.0
Total			22,925		22,180	745	103.4

## Reference Data

# Environmental Accounting Details Kikkoman Group: Individual Corporations

Table-8-7: KSP / Environmental Loads by Energy Type (in terms of CO<sub>2</sub>)

Energy	Discharge Coefficient	2003		2002		Rise and fall in CO <sub>2</sub> t/y	2003 over 2002 %
		Consumption	in CO <sub>2</sub> t/y	Consumption	in CO <sub>2</sub> t/y		
Light oil	2.624 CO <sub>2</sub> t/kl	488 kl	1,281	493 kl	1,294	-13	99.0
Electricity	0.378 CO <sub>2</sub> t/1000kwh	2,809,000 kwh	1,062	2,652,000 kwh	1,002	59	105.9
Total			2,342		2,296	46	102.0

Table-8-8: KFE / Environmental Loads by Energy Type (in terms of CO<sub>2</sub>)

Energy	Discharge Coefficient	2003		2002		Rise and fall in CO <sub>2</sub> t/y	2003 over 2002 %
		Consumption	in CO <sub>2</sub> t/y	Consumption	in CO <sub>2</sub> t/y		
Electricity	0.378 CO <sub>2</sub> t/1000kwh	2,187,000 kwh	827	2,295,000 kwh	868	-41	95.3
Gas	2.108 CO <sub>2</sub> t/1000m <sup>3</sup>	932,000 m <sup>3</sup>	1,965	924,000 m <sup>3</sup>	1,948	17	100.9
Total			2,791		2,815	-24	99.1

## 3-2. Wastes and Byproducts Reduction Benefit (Environmental Loads by Wastes and Byproducts Type in terms of CO<sub>2</sub>)

Table-9-1: Kikkoman Corp. / Environmental Loads by Wastes and Byproducts Type (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef. CO <sub>2</sub> t/t	2003		2002		Rise and fall in CO <sub>2</sub> t/y	2003 over 2002 %
		Discharge t/y	in CO <sub>2</sub> t/y	Discharge t/y	in CO <sub>2</sub> t/y		
Plastics	2.600	194	504	259	673	-169	74.9
Cardboard, wood chips	1.650	287	474	219	361	112	131.1
Waste oil	2.900	165	479	23	67	412	717.4
Sludge	1.100	4,241	4,665	3,989	4,388	277	106.3
Plant residues	2.442	320	781	237	579	203	135.0
Garbage	2.442	195	476	202	493	-17	96.5
Unburnable wastes	0.000	735	—	757	—	—	97.1
Total		6,137	7,379	5,686	6,561	818	112.5

Table-9-2: Del Monte / Environmental Loads by Wastes and Byproducts Type (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef.* CO <sub>2</sub> t/t	2003		2002		Rise and fall in CO <sub>2</sub> t/y	2003 over 2002 %
		Discharge t/y	in CO <sub>2</sub> t/y	Discharge t/y	in CO <sub>2</sub> t/y		
Plastics	2.600	229	595	213	554	42	107.5
Cardboard, wood chips	1.650	609	1,005	589	972	33	103.4
Waste oil	2.900	5	15	3	9	6	166.7
Pressed apple lees	1.470	305	448	496	729	-281	61.5
Pressed tomato lees	2.149	229	492	312	670	-178	73.4
Used green tea leaves	1.789	795	1,422	813	1,454	-32	97.8
Sludge	1.100	1,378	1,516	1,698	1,868	-352	81.2
Plant residues	2.442	682	1,665	1,046	2,554	-889	65.2
Garbage	2.442	25	61	22	54	7	113.6
Unburnable wastes	0.000	1,284	—	1,023	—	—	125.5
Total		5,541	7,220	6,215	8,864	-1,645	81.4

\* Discharge coefficient of pressed apple lees, pressed tomato lees, and used green tea leaves are determined by the Kikkoman Group.

## Reference Data

# Environmental Accounting Details Kikkoman Group: Individual Corporations

Table-9-3: **Mann's Wine** / Environmental Loads by Wastes and Byproducts Type (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef. CO <sub>2</sub> t/t	2003		2002		Rise and fall in CO <sub>2</sub> t/y	2003 over 2002 %
		Discharge t/y	in CO <sub>2</sub> t/y	Discharge t/y	in CO <sub>2</sub> t/y		
Plastics	2.600	29	75	29	75	0	100.0
Cardboard, wood chips	1.650	41	68	43	71	-3	95.3
Sludge	1.100	332	365	248	273	92	133.9
Plant residues	2.442	471	1,150	506	1,236	-85	93.1
Garbage	2.442	3	7	2	5	2	150.0
Unburnable wastes	0.000	205	—	222	—	—	92.3
<b>Total</b>		<b>1,081</b>	<b>1,666</b>	<b>1,050</b>	<b>1,660</b>	<b>6</b>	<b>100.4</b>

Table-9-4: **Tone Coca-Cola** / Environmental Loads by Wastes and Byproducts Type (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef. CO <sub>2</sub> t/t	2003		2002		Rise and fall in CO <sub>2</sub> t/y	2003 over 2002 %
		Discharge t/y	in CO <sub>2</sub> t/y	Discharge t/y	in CO <sub>2</sub> t/y		
Plastics	2.600	441	1,147	681	1,771	-624	64.8
Cardboard, wood chips	1.650	2,791	4,605	2,486	4,102	503	112.3
Garbage	2.442	1,676	4,093	1,704	4,161	-68	98.4
Unburnable wastes	0.000	6,353	—	6,175	—	—	102.9
<b>Total</b>		<b>11,261</b>	<b>9,845</b>	<b>11,046</b>	<b>10,034</b>	<b>-189</b>	<b>98.1</b>

Table-9-5: **Tone Soft Drink** / Environmental Loads by Wastes and Byproducts Type (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef. CO <sub>2</sub> t/t	2003		2002		Rise and fall in CO <sub>2</sub> t/y	2003 over 2002 %
		Discharge t/y	in CO <sub>2</sub> t/y	Discharge t/y	in CO <sub>2</sub> t/y		
Plastics	2.600	98	255	121	315	-60	81.0
Cardboard, wood chips	1.650	98	162	77	127	35	127.3
Waste oil	2.900	1	3	2	6	-3	50.0
Sludge	1.100	372	409	248	273	136	150.0
Plant residues	2.442	3,846	9,392	3,590	8,767	625	107.1
Garbage	2.442	27	66	19	46	20	142.1
Unburnable wastes	0.000	0	—	16	—	—	0.0
<b>Total</b>		<b>4,442</b>	<b>10,286</b>	<b>4,073</b>	<b>9,533</b>	<b>753</b>	<b>107.9</b>

Table-9-6: **KFI** / Environmental Loads by Wastes and Byproducts Type (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef. CO <sub>2</sub> t/t	2003		2002		Rise and fall in CO <sub>2</sub> t/y	2003 over 2002 %
		Discharge t/y	in CO <sub>2</sub> t/y	Discharge t/y	in CO <sub>2</sub> t/y		
Plastics	2.600	62	161	89	231	-70	69.7
Cardboard, wood chips	1.650	135	223	200	330	-107	67.5
Waste oil	2.900	0	0	13	38	-38	0.0
Sludge	1.100	1,257	1,383	1,382	1,520	-138	91.0
Plant residues	2.442	365	891	290	708	183	125.9
Garbage	2.442	141	344	155	379	-34	91.0
Unburnable wastes	0.000	309	—	115	—	—	268.7
<b>Total</b>		<b>2,269</b>	<b>3,002</b>	<b>2,244</b>	<b>3,206</b>	<b>-204</b>	<b>93.6</b>



## Reference Data

# Environmental Accounting Details Kikkoman Group: Individual Corporations

Table-9-7: **KSP** / Environmental Loads by Wastes and Byproducts Type (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef. CO <sub>2</sub> t/t	2003		2002		Rise and fall in CO <sub>2</sub> t/y	2003 over 2002 %
		Discharge t/y	in CO <sub>2</sub> t/y	Discharge t/y	in CO <sub>2</sub> t/y		
Cardboard, wood chips	1.650	31	51	17	28	23	182.4
Waste oil	2.900	14	41	10	29	12	140.0
Garbage	2.442	271	662	275	672	-10	98.5
Total		316	754	302	729	25	103.4

Table-9-8: **KFE** / Environmental Loads by Wastes and Byproducts Type (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef. CO <sub>2</sub> t/t	2003		2002		Rise and fall in CO <sub>2</sub> t/y	2003 over 2002 %
		Discharge t/y	in CO <sub>2</sub> t/y	Discharge t/y	in CO <sub>2</sub> t/y		
Plastics	2.600	4	10	4	10	0	100.0
Cardboard, wood chips	1.650	21	35	19	31	3	110.5
Waste oil	2.900	1	3	3	9	-6	33.3
Garbage	2.442	23	56	22	54	2	104.5
Unburnable wastes	0.000	5	—	7	—	—	71.4
Total		54	104	55	104	0	99.9

## 3-3. Wastes and Byproducts Control (Recycling) Benefit (Volume of Recycled Wastes and Byproducts in terms of CO<sub>2</sub>)

Table-10-1: **Kikkoman Corp.** / Volume of Recycled Wastes and Byproducts (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef.* CO <sub>2</sub> t/t	2003				
		Discharge t/y	in CO <sub>2</sub> t/y	Recycled t/y	Recycling rate %	Recycling volume in CO <sub>2</sub> t/y
Plastics	2.600	194	504	194	100.0	504
Cardboard, wood chips	1.650	287	474	279	97.2	460
Waste oil	2.900	165	479	165	100.0	479
Soy sauce cake (feed)	1.180	14,100	16,638	14,100	100.0	16,638
Soy sauce oil (fish feed, other use)	2.700	1,011	2,730	1,011	100.0	2,730
Sweet sake cake (feed)	1.080	551	595	551	100.0	595
Sludge	1.100	4,241	4,665	4,241	100.0	4,665
Plant residues	2.442	320	781	320	100.0	781
Garbage	2.442	195	476	35	17.9	85
Unburnable wastes	0.000	735	—	702	95.5	—
Total		21,799	27,342	21,598	99.1	26,938

When the wastes used as energy sources are added:

Soy sauce cake (fuel)		10,902		10,902	100.0	
Soy sauce oil (fuel)		1,399		1,399	100.0	
Total		34,100		33,899	99.4	

\* Discharge coefficient of soy sauce cake, soy sauce oil and sweet sake cake are determined by the Kikkoman Group.

## Reference Data

# Environmental Accounting Details Kikkoman Group: Individual Corporations

Table-10-2: **Del Monte** / Volume of Recycled Wastes and Byproducts (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef.* CO <sub>2</sub> t/t	2003				
		Discharge t/y	in CO <sub>2</sub> t/y	Recycled t/y	Recycling rate %	Recycling volume in CO <sub>2</sub> t/y
Plastics	2.600	229	595	220	96.1	572
Cardboard, wood chips	1.650	609	1,005	597	98.0	985
Waste oil	2.900	5	15	5	100.0	15
Pressed apple lees (feed)	1.470	305	448	305	100.0	448
Pressed tomato lees (feed)	2.149	229	492	229	100.0	492
Used green tea leaves (compost)	1.789	795	1,422	795	100.0	1,422
Sludge	1.100	1,378	1,516	1,352	98.1	1,487
Plant residues	2.442	682	1,665	682	100.0	1,665
Garbage	2.442	25	61	0	0.0	0
Unburnable wastes	0.000	1,284	—	1,283	99.9	—
<b>Total</b>		<b>5,541</b>	<b>7,220</b>	<b>5,468</b>	<b>98.7</b>	<b>7,087</b>

\* Discharge coefficient of pressed apple lees, pressed tomato lees and used green tea leaves are determined by the Kikkoman Group.

Table-10-3: **Mann's Wine** / Volume of Recycled Wastes and Byproducts (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef. CO <sub>2</sub> t/t	2003				
		Discharge t/y	in CO <sub>2</sub> t/y	Recycled t/y	Recycling rate %	Recycling volume in CO <sub>2</sub> t/y
Plastics	2.600	29	75	0	0.0	0
Cardboard, wood chips	1.650	41	68	39	95.1	64
Sludge	1.100	332	365	332	100.0	365
Plant residues	2.442	471	1,150	469	99.6	1,145
Garbage	2.442	3	7	0	0.0	0
Unburnable wastes	0.000	205	—	203	99.0	—
<b>Total</b>		<b>1,081</b>	<b>1,666</b>	<b>1,043</b>	<b>96.5</b>	<b>1,575</b>

Table-10-4: **Tone Coca-Cola** / Volume of Recycled Wastes and Byproducts (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef. CO <sub>2</sub> t/t	2003				
		Discharge t/y	in CO <sub>2</sub> t/y	Recycled t/y	Recycling rate %	Recycling volume in CO <sub>2</sub> t/y
Plastics	2.600	441	1,147	79	17.9	205
Cardboard, wood chips	1.650	2,791	4,605	2,791	100.0	4,605
Garbage	2.442	1,676	4,093	0	0.0	0
Unburnable wastes	0.000	6,353	—	6,350	99.9	—
<b>Total</b>		<b>11,261</b>	<b>9,845</b>	<b>9,220</b>	<b>81.9</b>	<b>4,811</b>

Table-10-5: **Tone Soft Drink** / Volume of Recycled Wastes and Byproducts (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef. CO <sub>2</sub> t/t	2003				
		Discharge t/y	in CO <sub>2</sub> t/y	Recycled t/y	Recycling rate %	Recycling volume in CO <sub>2</sub> t/y
Plastics	2.600	98	255	98	100.0	255
Cardboard, wood chips	1.650	98	162	98	100.0	162
Waste oil	2.900	1	3	1	100.0	3
Sludge	1.100	372	409	372	100.0	409
Plant residues	2.442	3,846	9,392	3,846	100.0	9,392
Garbage	2.442	27	66	0	0.0	0
<b>Total</b>		<b>4,442</b>	<b>10,286</b>	<b>4,415</b>	<b>99.4</b>	<b>10,221</b>

## Reference Data

# Environmental Accounting Details Kikkoman Group: Individual Corporations

Table-10-6: KFI / Volume of Recycled Wastes and Byproducts (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef.* CO <sub>2</sub> t/t	2003				
		Discharge t/y	in CO <sub>2</sub> t/y	Recycled t/y	Recycling rate %	Recycling volume in CO <sub>2</sub> t/y
Plastics	2.600	62	161	8	12.9	21
Cardboard, wood chips	1.650	135	223	135	100.0	223
Soy sauce cake (feed)	1.180	8,182	9,655	8,182	100.0	9,655
Soy sauce oil (other use)	2.700	19	51	19	100.0	51
Sludge	1.100	1,257	1,383	0	0.0	0
Plant residues	2.442	365	891	55	15.1	134
Garbage	2.442	141	344	1	0.7	2
Unburnable wastes	0.000	309	—	309	100.0	—
Total		10,470	12,708	8,709	83.2	10,086

\* Discharge coefficient of soy sauce cake and soy sauce oil are determined by the Kikkoman Group.

Table-10-7: KSP / Volume of Recycled Wastes and Byproducts (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef.* CO <sub>2</sub> t/t	2003				
		Discharge t/y	in CO <sub>2</sub> t/y	Recycled t/y	Recycling rate %	Recycling volume in CO <sub>2</sub> t/y
Cardboard, wood chips	1.650	31	51	31	100.0	51
Waste oil	2.900	14	41	14	100.0	41
Soy sauce cake (feed)	1.180	1,057	1,247	1,057	100.0	1,247
Garbage	2.442	271	662	0	0.0	0
Total		1,373	2,001	1,102	80.3	1,339

\* Discharge coefficient of soy sauce cake are determined by the Kikkoman Group.

Table-10-8: KFE / Volume of Recycled Wastes and Byproducts (in terms of CO<sub>2</sub>)

Wastes and byproducts	Discharge coef.* CO <sub>2</sub> t/t	2003				
		Discharge t/y	in CO <sub>2</sub> t/y	Recycled t/y	Recycling rate %	Recycling volume in CO <sub>2</sub> t/y
Plastics	2.600	4	10	4	100.0	10
Cardboard, wood chips	1.650	21	35	21	100.0	35
Waste oil	2.900	1	3	1	100.0	3
Soy sauce cake (feed)	1.180	619	730	619	100.0	730
Soy sauce oil (other use)	2.700	9	24	9	100.0	24
Garbage	2.442	23	56	23	100.0	56
Unburnable wastes	0.000	5	—	5	100.0	—
Total		682	859	682	100.0	859

\* Discharge coefficient of soy sauce cake and soy sauce oil are determined by the Kikkoman Group.

## 4. Other Environmental Loads (Volumes of water used and air pollutants, NO<sub>x</sub> and SO<sub>x</sub>)

Table-11-1: Kikkoman Corp. / Other Environmental Loads (the Manufacturing Sector)

	2003	2002	Rise and fall	2003 / 2002 %
Water	3,611,000 kl	3,655,000 kl	-44,000 kl	98.8
NO <sub>x</sub>	39,071 kg	38,556 kg	515 kg	101.3
SO <sub>x</sub>	12,622 kg	12,294 kg	328 kg	102.7

## Reference Data

# Environmental Accounting Details Kikkoman Group: Individual Corporations

Table-11-2: **Del Monte** / Other Environmental Loads

	2003	2002	Rise and fall	2003 / 2002 %
Water	2,741,000 kl	2,709,000 kl	32,000 kl	101.2
NOx	19,827 kg	21,717 kg	-1,890 kg	91.3
SOx	11,324 kg	12,566 kg	-1,242 kg	90.1

Table-11-3: **Mann's Wine** / Other Environmental Loads

	2003	2002	Rise and fall	2003 / 2002 %
Water	460,000 kl	536,000 kl	-76,000 kl	85.8
NOx	1,308 kg	1,329 kg	-21 kg	98.4
SOx	354 kg	388 kg	-34 kg	91.2

Table-11-4: **Tone Coca-Cola** / Other Environmental Loads

	2003	2002	Rise and fall	2003 / 2002 %
Water	34,000 kl	34,000 kl	0 kl	100.0
NOx	11,651 kg	10,942 kg	709 kg	106.5
SOx	586 kg	749 kg	-163 kg	78.2

Table-11-5: **Tone Soft Drink** / Other Environmental Loads

	2003	2002	Rise and fall	2003 / 2002 %
Water	640,000 kl	555,000 kl	85,000 kl	115.3
NOx	9,857 kg	9,173 kg	684 kg	107.5
SOx	3,594 kg	3,338 kg	256 kg	107.7

Table-11-6: **KFI** / Other Environmental Loads

	2003	2002	Rise and fall	2003 / 2002 %
Water	644,000 kl	616,000 kl	28,000 kl	104.5
NOx	14,873 kg	14,387 kg	486 kg	103.4
SOx	48 kg	0 kg	48 kg	—

Table-11-7: **KSP** / Other Environmental Loads

	2003	2002	Rise and fall	2003 / 2002 %
Water	67,000 kl	76,000 kl	-9,000 kl	88.2
NOx	1,586 kg	1,488 kg	98 kg	106.6
SOx	244 kg	578 kg	-334 kg	42.2

Table-11-8: **KFE** / Other Environmental Loads

	2003	2002	Rise and fall	2003 / 2002 %
Water	48,000 kl	48,000 kl	0 kl	100.0
NOx	1,747 kg	1,770 kg	-23 kg	98.7
SOx	0 kg	0 kg	0 kg	—



## Independent Review Report

### TRANSLATION

#### Independent Review Report on "Kikkoman Group Sustainability Report 2004"

June 10, 2004

Mr. Yuzaburo Mogi  
President and Chief Executive Officer  
Kikkoman Corporation

##### 1. Purpose and Scope of our Review

We have reviewed the Environmental Performance and the Environmental Accounting data presented in the "Kikkoman Group Sustainability Report 2004 (the "Report") of Kikkoman Corporation (the "Company") and its principal subsidiaries, published by the Company who is responsible for its contents. The review consisted of performing certain procedures as described below in relation to the collection, compilation and calculation of the information included in the Report.

Our work does not constitute an audit or examination. We, therefore, do not express an opinion on the accuracy or completeness of the information or databases used to compile the information or the representations made by the Company in the Report.

##### 2. Procedures Performed

We have performed the following review procedures agreed to by the Company;

- (1) We reviewed the procedures performed by the Company and the methods of accounting that were used in preparation of the "Environmental Performance" and the "Environmental Accounting" information.
- (2) We compared the "Environmental Performance" and the "Environmental Accounting" information presented in the Report with the respective supporting documents and reviewed the accurateness of the calculations of data on a sample basis.
- (3) We made inquiries to the individuals who are responsible for Company's factories and subsidiaries, and reviewed related documents such as a request for managerial decision.

##### 3. Results of the Procedures Performed

As a result of the procedures performed, we are not aware of any material modifications that should be made to the "Environmental Performance" and the "Environmental Accounting" information presented in the Report as they were collected, aggregated and presented in compliance with the Company's policy.

Yasuo Kurihara  
Representative Director  
Shin Nihon Environmental Management  
and Quality Research Institute



## Statement of Views

### Comments of Shin Nihon Environmental Management and Quality Research Institute

#### (Notable Features)

1. Kikkoman Group ("the Group") has been promoting its environmental and social activities recognizing that "living in harmony with nature" and "keeping harmony with society" are the basis for its business sustainability. The Sustainability Report 2004 ("the Report") was compiled according to these headings, and it made the Report a better communicating tool with stakeholders.
2. Regarding the theme "Reduction of greenhouse gases" and "Improvement of recycling and reusing of waste and byproducts", it is highly evaluated that the Group is making further efforts although it has already achieved mid and long term objective before 2003.
3. In order to perform corporate social responsibilities (CSR), the Group has set forth the codes of conduct for relevant fields, and consolidated mechanisms within the Group to realize safety, compliance and fairness in production processes and environmental preservation. In particular, the Group has laid its standards for compliance and the maintenance of fairness in light of social norms and is making efforts to implement them.
4. The Group works for standardizing reporting environmental performance information and environmental accounting information and for keeping evidence as well among its branches, factories and subsidiaries. Preparation of supporting evidence have also been developed and improved by its overseas corporations (KFI, KSP, and KFE).
5. The Group is disclosing its Report as part of its efforts to maintain open communication with the public on the environment. It places priority on disclosing the Report on the Internet instead of a paper medium. The Group follows the policy since the first issuance of the Report.

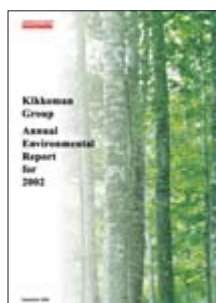
#### (Recommendation)

1. The issue date of the Report became earlier due to disclosing it on shareholders' meeting. Because of this, we observed gaps in accuracy among the environmental performance information and environmental accounting information provided by different organizations in the Group. In order to ensure accuracy in numerical values to be disclosed, calculation processes should be redefined and informed throughout the Group.
2. The energy reduction benefit and waste reduction benefit has been calculated by simply comparing environmental impact of the current year and that of the previous year. Therefore, fluctuations in the volume of business activity and influence from operational restructuring are included in the effects. In order to purely calculate the result of environmental management, it is advised that a calculation formula be devised. The Environmental Accounting is meant to disclose the cost and benefit of environmental preservation efforts of the Group. At the same time, it is meant to be a report to the different sectors of the Group, for example, to manage and administer environmental preservation budget. Therefore, it is recommended the reporting system to meet this purpose be developed.



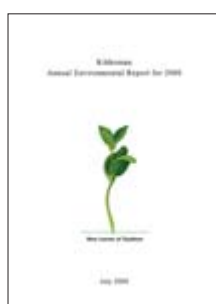
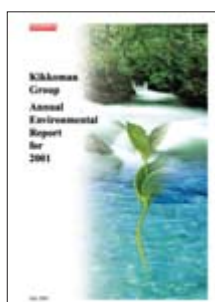
- 2004: "Kikkoman Group Sustainability Report 2004"

- 2003: "Kikkoman Group Annual Environmental Report for 2003"



- 2002: "Kikkoman Group Annual Environmental Report for 2002"

- 2001: "Kikkoman Group Annual Environmental Report for 2001"



- 2000: "Kikkoman Annual Environmental Report for 2000"

- 1998-: "Kikkoman Annual Environmental Report for 1998" (Only Japanese version is available.)



## For inquiry

## We are waiting for your comments and inquiries

Thank you very much for accessing the Kikkoman Group Sustainability Report 2004.

Please contact the [Environment Department of Kikkoman Corporation](#) for further inquiries and comments.

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## Kikkoman Group Sustainability Report 2004

The original version of the Kikkoman Annual "Environmental Report," was first published on the Internet in 1998 (the bottom on the left). The Environmental Report had been renewed annually until 2000, after which the Kikkoman Group "Environmental Report" has been published containing the environmental preservation reports of 8 corporations of the Group including major corporations and overseas subsidiaries (3rd from the bottom on the left). Furthermore, beginning in 2004, the Annual "Environmental Report" was changed into the "Kikkoman Group Sustainability Report" covering the (managerial, the environmental and the social) activities of the Group (Top on the left).

The "Kikkoman Group Sustainability Report 2004" is published on the Internet. In addition, the report is available on CD-ROM. To obtain a CD-ROM, please contact the Environment Department mentioned above.

*Doing what we can for the future*

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KIKKOMAN FOODS, INC. (KFI) Wisconsin Plant

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## **Kikkoman Group Sustainability Report 2004**

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