





seasoning your life

About This Report

Editorial Policy

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

This year's report consists of a book form (only available in Japanese) designed to provide an overview of the Kikkoman Group's activities for a broad audience of readers and a PDF edition (this report) that focuses on communicating activities undertaken during fiscal 2010 and their results.

Reference Guidelines

- G3 Sustainability Reporting Guidelines published by Global Reporting Initiative
- Environmental Reporting Guidelines (Fiscal Year 2007 Version) published by Ministry of the Environment of Japan

Scope

This report covers the domestic and overseas activities of the Kikkoman Group, comprising the Group's holding company, Kikkoman Corporation, as well as its 64 consolidated subsidiaries and equity-method subsidiaries and affiliates (as of March 31, 2010). This report refers to the Kikkoman Group as "Kikkoman Group" or "the Group," to Kikkoman Corporation as "Kikkoman Corporation," and to Kikkoman Corporation, Kikkoman Food Products Company, Kikkoman Beverage Company, and Kikkoman Business Services Company collectively as "Kikkoman." Otherwise companies are referred to by name.

Reporting Period

Fiscal 2010 (April 1, 2009-March 31, 2010)
This report may contain references to certain activities that were initiated prior to March 2009 or after April 2010.

Date of Publication

December 2010
Previous report: December 2009
Next report: Scheduled for December 2011

Note on Forward-looking Statements

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

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Message from the CEO



Kikkoman’s Social Responsibility

Since its establishment, we at Kikkoman have always regarded “Corporate Social Responsibility” with great importance when conducting business operations. We believe that carrying out sound daily operations is fundamental to fulfilling our social responsibilities. The basic function of a food company is to offer safe, high-quality food products for reasonable prices on a daily basis. Kikkoman believes that by continuously fulfilling such responsibilities on a daily basis will result in providing culinary pleasure to our customers. In addition, Kikkoman believes that to fulfill its responsibility as a good corporate citizen, it needs to actively do as much of a social contribution as we can.

A key aspect of our social responsibility is regulatory compliance. The Kikkoman Group is active around the world, and we obey the laws and regulations of every country and territory in which we do business. Compliance is enshrined in our corporate principles not just because we see it as a moral obligation but also because we see it as a vital pillar of a free and reliable economic system. Based on such thinking, every employee understands such high ethical standards and follows the Kikkoman Group Code of Conduct when conducting business activities.

Kikkoman’s sense of social responsibility is also shown by our support for the United Nations Global Compact, which encourages responsible corporate action to address global problems. Kikkoman recognizes that honoring the Global Compact’s 10 principles in the areas of human rights, labor standards, the environment, and anti-corruption is vital for healthy globalization. Our signature on the Global Compact in 2001 was the first from any Japanese company.

Kikkoman Group Initiatives

Although the global economy went through a difficult period in 2009, the popularity of Japanese cuisine continued to grow among health-conscious people worldwide. It is clear that Japanese cuisine has an enduring appeal and that it is taking root in other food cultures around the world.

Management Philosophy

The management philosophy of the Kikkoman Group is based on the following three pillars:

- 1. To pursue the fundamental principle “consumer-oriented”
- 2. To provide high-quality products and services and to promote the international exchange of food culture
- 3. To become a company whose existence is meaningful to the global society

The Kikkoman Group makes and sells soy sauce and distributes oriental food around the world and we believe that it is our mission to contribute to the international community through exchanges in food culture. Some of these efforts were seen in the Japan Industry Pavilion at Expo 2010 Shanghai, China, where Kikkoman hosted a Japanese culinary exhibition and operated a Japanese restaurant called Murasaki. By bringing the food culture of Japan into contact with the food cultures of China and other countries, Kikkoman was able to promote interaction and fusion and I hope that we were able to make many people’s culinary lifestyles richer and more enjoyable.

It has been two years since the corporate brand was launched, rooted in what we call Kikkoman’s Promise—an explicit description of how we strive to run the business and of the value we strive to deliver to customers. In this Corporate Citizenship Report, Kikkoman introduces how it is honoring the promise by using traditional techniques and knowledge to enhance the natural benefits of fermentation in ways that deliver culinary pleasure to customers around the world. Moving forward, Kikkoman will continue striving to delight customers by making high-quality products, offering new culinary possibilities, and realizing international exchanges in food culture in line with Kikkoman’s Promise.

Looking to the Future of the Kikkoman Group

The Kikkoman Group has a vision of making Kikkoman soy sauce a global-standard seasoning, being a business that promotes healthy living through healthy eating, and being a business that is valuable to the international community. Turning this vision into reality involves acting on our corporate principles and fulfilling the company’s social responsibility.

Kikkoman believes that the relationship between the Kikkoman Group and the international community will become increasingly intertwined. In October 2009, we adopted a holding-company structure to clearly define the roles of each company. With each company doing its own part, the Kikkoman Group as a whole will further continue with its effort to fulfill its global social responsibilities.

June 2010

Yuzaburo Mogi

Chairman and CEO

The Ten Principles of the Global Compact



What is the United Nations Global Compact?

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

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

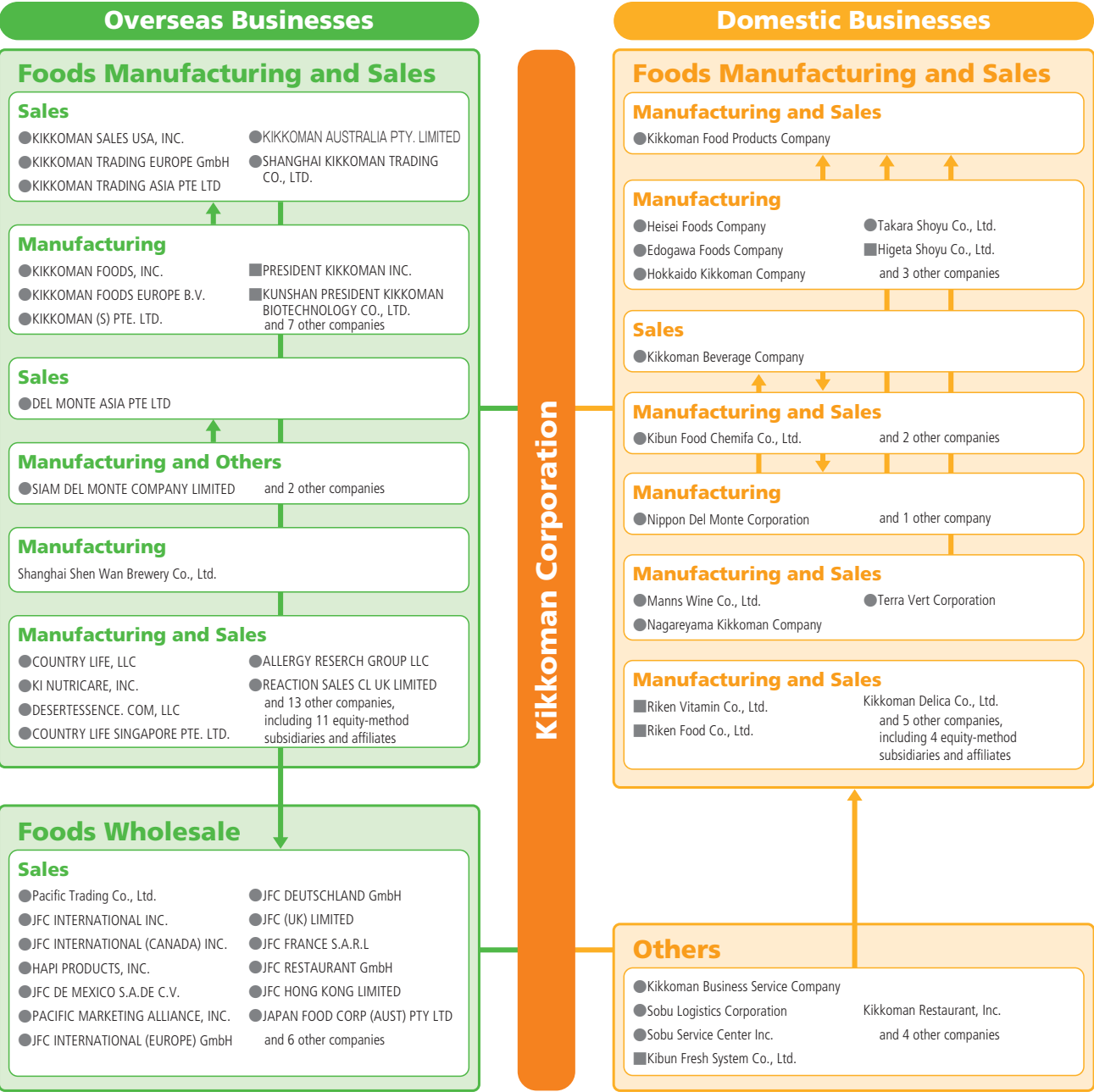
Kikkoman Group Overview (as of March 31, 2010)

Date of Establishment: December 7, 1917
Head Office: 250 Noda, Noda-shi, Chiba 278-8601, Japan
Phone: +81-4-7123-5111
Representatives: Yuzaburo Mogi, Chairman and CEO
Mitsuo Someya, President and COO
Paid-in Capital: ¥11,599 million

Number of Employees: 5,263
Number of Group Companies: 64 (includes consolidated subsidiaries and equity-method subsidiaries and affiliates)

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

Affiliates



Feature

Transforming traditional techniques and know-how into delicious flavor worldwide

Initiatives to implement Kikkoman's Promise

Kikkoman's Promise is an explicit description of the value we hope to provide to customers through our business. This section introduces how we implement Kikkoman's Promise as well as Kikkoman's history, the activities of Group companies in Japan and overseas.

Kikkoman's Promise

To fill the world with the joys of food by delivering wholehearted flavor

- To provide high-quality products and services with integrity by continuously improving on our long tradition of techniques and know-how.
- To propose a well-balanced and nutritious diet that brings out the flavor of the ingredients and bring happiness to the world everyday by helping to support a healthy mind and body.
- To create exciting new flavor experiences by fusing food cultures from around the world and to propose a rich and varied food-lifestyle that matches the times.

What is Kikkoman's Promise?

We began making soy sauce during the Edo period. Over time, we've come to supply not only soy sauce, but also a variety of other products and services to customers in more than 100 countries worldwide.

Recognizing that our responsibilities to society have grown together with the expanding scope and scale of our business, we sought to explore how we could contribute to society through our business and share those thoughts by getting back to our

philosophy, "the customer comes first." That effort culminated in Kikkoman's Promise.

Each and every Kikkoman Group employee embraces Kikkoman's Promise as a personal commitment as we strive to "fill the world with the joys of food" through all of our operations.

Looking back on the two years since the announcement of Kikkoman's Promise

Working to spread Kikkoman's Promise

We have continuously communicated the vision behind Kikkoman's Promise to customers, and we continued to do so in fiscal 2010 through advertisements in newspapers, magazines, and other media. Based on our wish for customers to create delicious memories from the accumulation of happy dining experiences, advertisements feature photographs symbolizing the concept of delicious flavor along with specific products and services that support the creation of such flavor.

Kikkoman's Promise is implemented by the combined activities of each and every Kikkoman employee. By using tier-based training and other methods to create opportunities for employees to share their views, we ensure that all workers can fulfill their responsibilities based on a shared philosophy. All employees strive to live up to Kikkoman's Promise through these activities.



An advertisement featuring photographs of delicious memories sent in by Group employees
Newspaper advertisement, October 2009

Providing traditional flavor to customers worldwide

Traditional techniques and know-how perfected over many years

Kikkoman's Promise captures our approach to quality in its provision, "To provide high-quality products and services with integrity by continuously improving on our long tradition of techniques and know-how."

In an effort to provide high-quality products, we have inherited a variety of traditional techniques and know-how from our predecessors and enhanced them with our own insights and innovations. Among the most important components of this legacy of quality are our technologies for fermentation and brewing.

In fundamental terms, the process used to make soy sauce has not changed since the Edo period. By incorporating the latest technologies into a traditional manufacturing process that takes advantage of natural processes, we have been able to maintain the integrity of traditional flavor, allowing us to supply customers worldwide with products they can use with confidence and peace of mind.



Making soy sauce in Noda in the early Meiji period

Traditional techniques and know-how still inform contemporary soy sauce brewing

Fermentation: a gift from nature

In addition to the raw materials such as soybeans, wheat, and salt, microorganisms play a critical role in the making of soy sauce. The enzymes they create break down organic compounds contained in the ingredients (starch, sugar, protein, etc.) to create various substances. The process by which microorganisms break down and synthesize substances is known as fermentation, and the process by which the *Koji Mold* is used to make products including soy sauce, mirin, and miso paste is known as brewing.

While the specific mechanism by which fermentation occurs was only discovered in the 18th century, our forebears had been using fermentation technology based on experience since long ago. The Kikkoman Group has inherited the traditional techniques and know-how of fermentation and brewing, and we continue to perfect them while taking advantage of a gift from nature provided by microorganisms. In this way, we are able to provide soy sauce that tastes even better and inspires even greater confidence on the part of the customers who use it.



Creating high-quality products with traditional techniques and know-how

For a long period of time, Kikkoman’s approach to making soy sauce was based primarily on the microorganisms that lived in the cedar tubs and fermentation areas used in its production. Modern manufacturing processes use cultured microorganisms, but microorganisms passed down over many generations played a key role in fermentation in the past, before those technologies had been developed.

Today, we use sealed metal tanks as well as a range of machinery in numerous processes designed to facilitate the production of soy sauce with consistent quality year-round. However, the fermentation process that is the most basic part of making soy sauce is based on means of traditional production techniques using microorganisms.

Brewing technologies developed by our forebears over hundreds of years consist not only of techniques for creating flavor, but also know-how related to food product safety. We strive to provide customers with more delicious, safer products by continuing to perfect the natural miracle that is fermentation with the traditional techniques and know-how passed down from our predecessors.



Soy sauce was made using wooden tubs in which populations of microorganisms lived

Fermentation and the making of soy sauce

Soy sauce has a rich, complex flavor that combines sweetness, sourness, saltiness, bitterness, and umami to create what can only be described as “the flavor of soy sauce.” Analyses of the aroma of soy sauce have found more than 300 types of scent, including elements that are redolent of flowers, fruit, and whiskey.

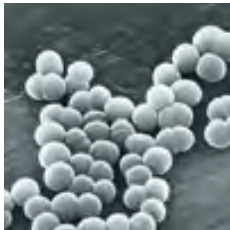
The secret to creating such a rich array of flavor and aroma from the raw ingredients of soybeans, wheat, and salt lies in the action of three types of microorganisms: the *Koji Mold*, Lactic Acid Bacteria, and yeast. The full-flavored character of soy sauce is created as these microorganisms ferment and ages the ingredients gradually over time.

Soy sauce, as a product of fermentation, has many functions that go beyond its delicious flavor. In addition to eliminating the fishy smell of seafood and limiting the salty taste of food, research has revealed benefits that include the suppression of cancer and allergic symptoms.

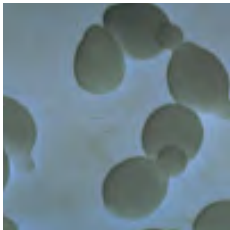
● The role of microorganisms in making soy sauce



The Koji Mold
The *Koji Mold* creates the basic substances that become the foundation of soy sauce’s umami, sweetness, and color



Lactic Acid Bacteria
Lactic Acid Bacteria give rich flavor and create the unique aroma of soy sauce



Yeast
Yeast creates some 300 different aromas

Sidebar

Kikkoman reveals its technology free of charge to maintain the integrity of traditional flavor

After World War II, Japan suffered shortages of food including soybeans and wheat that needed to make soy sauce and received assistance from the United States. Believing that it was inefficient to allocate ingredients to the low-yielding, time-consuming production of soy sauce, the U.S. General Headquarters made an unofficial decision to give priority in the distribution of ingredients to companies that manufactured hydrolyzed vegetable protein by means of a chemical process.

Faced with a threat to the continued existence of naturally-brewed soy sauce due to this shortage of ingredients, Kikkoman moved quickly to invent a technology for brewing soy sauce at the same yields as hydrolyzed vegetable protein and made it available to other companies free of charge. By improving productivity throughout the soy sauce industry and communicating the importance of soy sauce in the Japanese diet to General Headquarters, Kikkoman paved the way for a U.S. decision revising the standards by which raw ingredients were allocated.

Kikkoman subsequently responded to requests from the industry to make available free of charge a new

technology known as N.K.-type Processing of Protein Materials for maintaining consistent quality in products by increasing umami-generating ingredient content. In this way, we made a significant contribution to rebuilding the post-war soy sauce industry and to ensuring the continued viability of traditional soy sauce brewing techniques.



Kikkoman made N.K.-type Processing of Protein Materials available to the industry

State-of-the-art production systems and finely tuned human sensibility come together to create the timeless flavor of soy sauce

Providing high-quality products

The Kikkoman Group has conducted research for many years into the brewing technologies that form an essential part of the soy sauce production process in order to ensure its ability to provide consistent quality. The results of this research are used at our domestic and overseas manufacturing facilities.

The contemporary soy sauce brewing process

Culturing The *Koji Mold*



The *Koji Mold* starter is the most import *Koji Mold* used in the soy sauce brewing process. We use the Kikkoman's *Aspergillus* , a variety inherited by the Kikkoman Group and perfected through a sustained process of culturing and careful selection.

Culturing *Koji Mold*
Soy sauce begins with the best *Koji Mold* starter
Tatsuya Okubo
Responsible for *Koji Mold* starter
Kikkoman Food Products Company
Noda Factory First Production Department



I'm in charge of culturing the *Koji Mold* starter, the true first step in the brewing of soy sauce. The condition and number of *Koji Mold* spores cultured as the starter have a major impact on koji culture production, which is the next process, and ultimately on the flavor and aroma of the soy sauce. Consequently, I spend my days working to maintain an environment in which the cultured spores can propagate and paying special attention to the management of hygienic factors in order to supply the best possible starter to the next process.

Making and providing high-quality *Koji Mold* starter is an important part of making safe, high-quality koji culture. We will continue to strive to make delicious soy sauce by maintaining Kikkoman's traditional flavor and aroma while cultivating an awareness of the need to make improvements on a daily basis.

Processing the basic ingredients



Basic ingredient processing is the step in which soybeans, wheat, and other basic ingredients are processed. When soybeans are steamed, the protein they contain changes so that it is more easily affected by *Koji Mold* enzymes. Wheat is roasted and ground with a roller to similarly increase the effectiveness of the enzymes.

Processing soybeans, wheat, and other ingredients
Processing the basic ingredients of soy sauce with a sense of responsibility
Daisuke Takeshita
Responsible for processing raw materials
Kikkoman Food Products Company
Noda Factory First Production Department



Basic ingredient processing involves preparing soybeans, wheat, and salt so that their contribution to the flavor of the soy sauce can be maximized. I'm in charge of the steaming process, during which soybeans are crushed and steamed at high temperature.

The condition of the soybeans varies constantly with the season, temperature, and humidity. By assessing the state of the soybeans with my own eyes and steaming them under optimal conditions, We are responsible for supplying steamed soybeans and roasted wheat to the next process.

We remain committed to making soy sauce in response to customers' wishes with an awareness that our product is trusted and supported by those customers.

Making koji culture



In the process of making koji culture, as the mixture of fermented ingredients is known, starter *Koji Mold* is mixed with the processed basic ingredients to make koji culture. For three days, the mold grows slowly in a special room that is kept extremely clean to prevent the growth of unwanted bacteria.

Making koji culture
Perfecting traditional techniques with state-of-the-art systems
Kenichi Manaka
Responsible for koji culture production
Kikkoman Food Products Company
Noda Factory First Production Department



I'm in charge of the koji culture production process, an important part of soy sauce manufacturing. The manner in which *Koji Mold* is cultured has a significant impact on product quality.

In order to make high-quality koji culture, it's extremely important to create conditions that facilitate *Koji Mold* activity by carefully checking factors such as koji culture temperature, room humidity, airflow, and time. Additionally, *Koji Mold* is affected by the seasons, so I work hard to keep it growing consistently year-round.

I've learned the techniques for making soy sauce, a traditional Japanese food, from more experienced colleagues, and I'm committed to working hard to provide better products in the future by using traditional techniques and know-how as well as advanced systems.

Fermenting and aging



Once the *Koji Mold* population has grown sufficiently, salt water is added to create a mixture known as moromi mash, which is allowed to ferment and age for a period of several months. During this time, the distinctive color, flavor, and aroma of soy sauce develops.

Making moromi mash
Striving to make high-quality moromi mash
Takayuki Tobe
Responsible for moromi mash production
Kikkoman Food Products Company
Noda Factory First Production Department



The process for which I'm responsible consists of thoroughly cleaning the production line and tanks in advance so that quality does not deteriorate when koji culture is received from the previous process. Then, after the moromi mash is placed in large tanks that are more than 10 meters in height, we manage the process meticulously to maintain an environment in which

the microorganisms that create the distinctive flavor, color, and aroma of soy sauce can do their jobs, for example by stirring the moromi mash mixture as needed and managing its temperature over an extended period of time.

We are committed to using traditional techniques and know-how to make high-quality moromi mash so that we can bring delicious memories to our customers.

Bringing Kikkoman's Promise to the world

We're striving to spread the joy of food

United States

KIKKOMAN FOODS, INC. [KFI]
 Established in Walworth, Wisconsin, in 1972, Kikkoman Foods, Inc., was the first soy sauce manufacturing facility in the U.S. The company opened the California Plant in 1998 as its second plant.

Netherlands

KIKKOMAN FOODS EUROPE B.V. [KFE]
 Established in city of Hoogezand-Sappemeer in the northern part of the Netherlands in 1996, KFE provides soy sauce to the UK, Germany, Northern Europe, Russia, and other European locations.

High praise for half a century of activities

For more than 50 years since it began major marketing activities in the U.S. in 1957, Kikkoman has brought the traditional Japanese flavor of soy sauce to dining tables throughout the country. Today, soy sauce is well loved in the U.S. as an important part of many home-cooked meals.

We launched the “Fifty Years of Kikkoman in the U.S.” project in 2007 to mark the 50th anniversary in the U.S. market, an event that can well be described as the beginning of the internationalization of soy sauce. The project consisted of a variety of events in both Japan and the U.S. to communicate our commitment to contribute to the richness of people’s lives by providing delicious, healthy foods to dining tables worldwide.

Our half-century of activities in the U.S. market has been met with praise and expressions of gratitude form many stakeholders, including the designation of June 5, 2007, as Kikkoman Day by the City of San Francisco, where we established our first U.S. sales facility. In the future, we look forward to redoubling our efforts to bring the joy of good food to an even larger audience.



“Fifty Years of Kikkoman in the U.S.” commemorative logo



“Fifty Years of Kikkoman in the U.S.” commemorative product

VOICE

Brewing authentic soy sauce in the cold Wisconsin winter

John Geiger
 Pressing and Refining Manager
 KIKKOMAN FOODS, INC.

Winter in Wisconsin can be challenging for Soy Sauce production. Soy sauce in Wisconsin doesn’t freeze like an ice-cube, however it can become a “slush.” I compare it to a common desert known here as a “sno-cone.” This does not happen too often. Most of our process equipment is located inside our very large heated building. Some equipment however is located outside. Our biggest challenge recently has been keeping our utility systems that serve these outside areas functional.

For example, the cold temperatures can freeze our compressed air piping. To combat this, we utilize compressed air dehumidification systems and electrical heat trace systems to keep the air extremely dry and the equipment warm. These systems are diligently maintained when the weather is nice.

Sometimes however these efforts are no match for the wild winter weather. During these times, we rely on our Midwestern toughness and creativity to keep quality soy sauce production moving forward.

The Netherlands Nutrition Centre praises reduced-salt soy sauce

Kikkoman established a sales facility in Germany in 1979 and began marketing its products throughout Europe. Rising health consciousness in recent years has made Japanese food more popular in Europe, spurring annual increases in soy sauce consumption. In November 2009, the panel of judges at the Netherlands Nutrition Centre’s (Voedingscentrum’s) 2009 awards ceremony recognized KFE’s reduced-salt soy sauce with the Special Attention Award, which is given to food products sold in the Netherlands that are deemed worthy of special recognition. The award praised Kikkoman’s decision to sell reduced-salt soy sauce in European markets ahead of its competitors.

2009 Netherlands Nutrition Centre awards ceremony

VOICE

Hygiene management as an essential part of producing high-quality soy sauce

Jan Stutvoet
 Senior Manager
 KIKKOMAN FOODS EUROPE B.V.

I’m in charge of manufacturing soy sauce and soy sauce derivative products.

In order to provide safe, high-quality products, it’s important to apply the traditional techniques developed by Kikkoman to all manufacturing processes, including the koji culture, moromi mash, and raw soy sauce stages. At KFE, we practice aggressive hygiene management for appropriately designed equipment and plant facilities and provide microorganisms with an optimal environment in which to function.

In 2009, KFE developed and deployed an efficient washing system in order to improve overall hygiene for its manufacturing processes. Our new koji culture production system has also been designed to implement a sophisticated level of hygiene management.

KFE’s employees strive daily to produce high-quality soy sauce that is safe and delicious in order to provide delicious memories.

China

KUNSHAN PRESIDENT KIKKOMAN BIOTECHNOLOGY CO., LTD. KUNSHAN PRESIDENT KIKKOMAN BIOTECHNOLOGY CO., LTD. [KPKI]

This soy sauce manufacturing facility was established in Kunshan City on the outskirts of Shanghai in 2000 as a joint venture with Uni-President Enterprises Corp., Taiwan's largest food product manufacturer.

Introducing the flavor of Japan at the cultural fair

Kunshan City, where KPKI is located, is about 60 minutes from Shanghai, making it part of the Shanghai regional economy. Shanghai, which hosted Expo 2010 Shanghai China, is also home to numerous cultural fairs and similar events. In September 2009, KPKI exhibited at the Japan-China Culture and Tourism Fair, which attracted a total of 1 million visitors to three locations in Shanghai in September 2009. Many attendees stopped by KPKI's booth, where they enjoyed food samples and activities such as games introducing Japanese food culture.

Japanese-style soy sauce is a comparatively new seasoning in China, where laochou, a dark, sweet soy sauce with a strong umami flavor and additives such as caramel, is widely used in the preparation of boiled and fried food. The company looks forward to taking advantage of a variety of opportunities to introduce the characteristics of Kikkoman soy sauce along with cuisine and cooking techniques that leverage traditional Japanese flavors.



Enjoying food samples at the Japan-China Culture and Tourism Fair

VOICE

Achieving customer satisfaction by making safe, high-quality soy sauce



Yafei Wei
Manager,
Production Division
KUNSHAN PRESIDENT
KIKKOMAN BIOTECHNOLOGY
CO., LTD.

KPKI's Production Division has a broad range of responsibilities, from ensuring safety at our manufacturing facilities to making safe, high-quality soy sauce. Implementing quality improvements is particularly important to me as the manager of the division. We work with KPKI's Research and Technology Division to improve quality by introducing Kikkoman's soy sauce manufacturing technologies and strict quality control system to our manufacturing processes. We also use the PDCA cycle in a variety of activities such as quality control (QC), key performance indicators (KPI), and total productive maintenance (TPM) to help improve quality.

Additionally, we've launched a high-quality soy sauce known as Xianchun based on Kikkoman's technology to meet market needs in the East China market.

Going forward, we will continue to work to improve customer satisfaction by providing safe, high-quality soy sauce through more efficient manufacturing and quality control systems.

Singapore

KIKKOMAN (S) PTE. LTD. [KSP]

Established in 1983, this soy sauce manufacturing facility is located close to Singapore's border with Malaysia. Soy sauce manufactured by KSP is shipped to the countries of East Asia as well as Australia, New Zealand, and other regional markets.

Offering a lecture at the National University of Singapore

Residents of Singapore, which is known for its cosmopolitan character, enjoy a rich variety of cuisine that includes Chinese, Malay, and Indian as well as a style of cooking known as "Nyonya" that combines Chinese and Malay cooking.

Kikkoman has established sales companies and manufacturing facilities to propose a range of safe, high-quality products based on traditional Asian foods and ingredients to consumers in Singapore, who enjoy a diverse food culture, as well as the larger Asia and Oceania region.

As part of our effort to communicate the appeal of soy sauce, we held a lecture entitled "Japanese Soy Sauce and Kikkoman's International Business Strategy" at the National University of Singapore in February 2010. The talk introduced the history of soy sauce and the development of Kikkoman's international business while communicating the importance we place on international exchange in food culture.



KSP's President Nogi at the podium of the National University of Singapore

VOICE

The importance of communication for manufacturing soy sauce in a tropical climate



Tan Ben Nah (right)
Production Manager
KIKKOMAN (S) PTE. LTD.

Soy sauce is a delicate product manufactured over long periods of time using microorganisms. Consequently, careful coordination among different departments through the sharing of manufacturing results and conditions in different processes is an extremely important part of manufacturing a product with consistent quality.

Naturally, the thorough application of a series of quality control rules that have been carefully crafted to meet the needs of individual departments is an important part of the soy sauce manufacturing process, and we emphasize extensive communication among departments. This coordination ensures consistency of quality and makes a significant contribution to our ability to keep product characteristics such as color, flavor, and aroma within the target range.

In the course of the long brewing process, it is important that coordination be timed properly. Soy sauce is prone to turning dark quicker in tropical Singapore, and the proper balance of flavors and aromas can be easily lost, requiring great care in the manufacturing process.

Providing a full range of brands based on Kikkoman's Promise

Utilizing traditional techniques and know-how in a variety of brands

The Kikkoman Group has developed an extensive array of product brands, including Kikkoman, Manjo, Del Monte, and Manns Wines. These products are marketed under a variety of brands, but they are all products of the Kikkoman Group. We are

proud to supply high-quality products by bringing traditional techniques and know-how to a variety of brands based on Kikkoman's Promise, the commitment that stands behind all of our offerings.



Wine

Seeking to achieve world-class flavor: Solaris

Manns Wine initiatives



Dai Shimazaki
Manns Wine Co., Ltd.
Manager, Quality Control Department

high-quality fruit from European varieties whose cultivation in humid Japan is generally considered to be a difficult proposition. We renovated Komoro Winery, which is located in a grape-producing region, to equip it for meticulous, small-lot production, and we have actively introduced new technologies while paying close attention to factors such as the timing of harvests and fermenting and aging methods, sparing no effort in the process. We continue to work with passion and enthusiasm to achieve our ambitious goal as quickly as possible.

Since its founding nearly half a century ago, Manns Wine has sent engineers to traditional grape-producing regions and areas known for their advanced winemaking practices. After careful study of the philosophy and technologies of winemaking through long-term training in the winemaking regions of France, Germany, California, Australia, and other areas, these specialists have worked to adapt what they learned to Japan's climate, in the process creating a unique and proprietary approach. The Solaris series of premium wines from Manns Wine incorporates all of the resulting knowledge throughout the winemaking process, starting with grape cultivation.

Our goal for the Solaris series is to create a wine using Japanese grapes that is the equal of the world's most famous wines. By carefully choosing cultivation sites and improving cultivation methods, we have succeeded in obtaining



Grapes are hand-sorted, and only the selected fruit portion is used

Mirin

Continuing to preserve the traditional techniques and flavor of white mirin

Manjo initiatives



Naoki Nagasaki
Nagareyama Kikkoman Company
Manager, Product Development Department

The origins of Manjo Hon Mirin can be traced back to a white mirin first brewed by Monjiro Horikiri in 1814. During the almost 200 years since that time, we've preserved the traditional techniques and flavor of white mirin while actively introducing new equipment and developing new technologies.

When we ship Manjo Hon Mirin, we are inspired by a vision of people feeling happiness as they cook and of joy and smiling faces as lovingly prepared food is enjoyed at the dining table.

In order to provide high-quality mirin, it's essential to draw out the sweetness and umami of rice. To that end, we manage *Koji Mold* with great care, and we've preserved old-fashioned brewing methods that allow the product to age gradually over time. Since the final product is greatly affected by seasonal cold and heat, we work to maintain a consistently high level of quality by using techniques including koji culture production technologies developed from traditional methods and a meticulous program of manufacturing control during the approximately two-month aging process.



Moromi mash ages for about two months in a room kept at 20°C to 30°C

Lactic Acid Bacteria drinks

Developing the Del Monte Lactic Acid Bacteria series

Del Monte initiatives



Yukio Sekine
Assistant General Manager, Department of Products & Technology Development
Nippon Del Monte Corporation

Although the management of Lactic Acid Bacteria is a delicate process and the development of new types of beverages is difficult, we will apply fermentation technologies developed by the Kikkoman Group and continue to provide high-quality beverage products.

A single cup (200 ml) of Del Monte's Lactic Acid Bacteria series contains 10 billion heat-sterilized vegetable Lactic Acid Bacteria. These bacteria are grown using vegetable extracts as a source of nutrients, and they can be obtained from products containing lactic acid-fermented vegetable juice. Del Monte's Lactic Acid Bacteria series uses a proprietary strain that we discovered from a type of Lactic Acid Bacteria known as *Pediococcus pentosaceus*. Because bacterial counts vary during lactic acid fermentation, we conduct fermentation tests for all ingredient lots and only use those that meet bacterial count standards for production.



Manufacturing Soybean and Lactic Acid Southern Pine

The Kikkoman Group's Shokuiku Activities

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

Key Shokuiku Activities

Increasing interest in food and diet through the Kikkoman Academy

Kikkoman employee volunteers visit elementary and middle schools to talk about how soy sauce is made. During fiscal 2010, 36 presentations were given to 3,259 students.

Factory Tours to Experience the Soy Sauce Brewing Process

Kikkoman offers tours of soy sauce factories in Japan and Manns Wine's wineries. We offered hands-on soy sauce-making programs for elementary schools and other organizations a total of 209 times during fiscal 2010, accommodating 12,599 students.

Cooking Classes to Propose Fun Dietary Habits

Kikkoman works with supermarkets nationwide to offer cooking classes for parents and children as well as the KCC program of food and cooking classes.

Website Featuring Food- and Health-related Information

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

Kikkoman's Shokuiku Framework



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

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

Shokuiku Promotion Policies Shokuiku (Food Education)

1. For families and children it means:

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

2. In Japanese dietary culture it means:

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

Shokuiku Activities

Kikkoman's Shokuiku Commitment Expression of Corporate Attitude

Kikkoman Soy Sauce Museum

Kikkoman Soy Sauce Museum at the Kikkoman Food Products Company's Noda Factory introduces the soy sauce manufacturing process with easy-to-understand video and graphical exhibits.

The facility gives visitors an opportunity to experience soy sauce production processes. This program allows visitors to observe operations in a factory that actually produces the product as they tour various manufacturing processes and visit exhibit rooms where they can observe changes in the fermentation and aging of moromi mash. The experience provides an understanding of how soy sauce is made from soybeans and wheat.



Visitors can experience differences in soy sauce color and aroma

Kikkoman Soy Sauce Academy

The Kikkoman Soy Sauce Academy is a program that Kikkoman employees visit elementary schools and introduce the ingredients and manufacturing processes used to make soy sauce in an easy-to-understand way.

The program uses a creative format where Kikkoman employees dressed as "Dr. Soy Sauce" and their assistants make learning fun. Teachers use the program to give students an opportunity to think about the importance of food and the enjoyment of delicious meals while learning about soy sauce. During fiscal 2010, we offered 267 sessions at 115 schools for a total of 8,555 students.

Overview of the Kikkoman Soy Sauce Academy program

Dates: Normal business days

(Excludes weekends, public holidays, New Year's, and summer vacation)

Time: 45 minutes per session

Format: Class presentation

Target age group: Primarily third and fourth graders

Regions where offered: Kanto, Chubu, Kinki

Cost: Free of charge

Program contents

1. Various ways of using soy sauce

Students think about how they use soy sauce from day to day and with what kinds of foods it is used.

2. What is soy sauce made of?

Students experience the soy sauce ingredients of soybeans, wheat, and salt with their ears, eyes, and hands.

3. Making soy sauce

Students learn that both natural processes and human effort are required in order to make soy sauce. They also use a discussion of soy sauce cake to think about the environment.

4. Essentials of soy sauce

Students talk about the appeal of soy sauce (color, flavor, aroma). They are inevitably surprised by the sheer number of aromas contained in the product.

5. Functions of soy sauce

Students review the various functions of soy sauce, which does more than just add flavor.

6. Enjoying food

Students reaffirm the importance of enjoying meals together and participating in the preparation and cooking of meals.



A Kikkoman employee explains soy sauce to students



This is an experience-based program and students learn from what they hear, see, and touch



Students learn together about enjoying food

Environmental Report

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

Environmental Philosophy

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

Action Guideline

We act on our Environmental Philosophy with vigor and creativity.

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

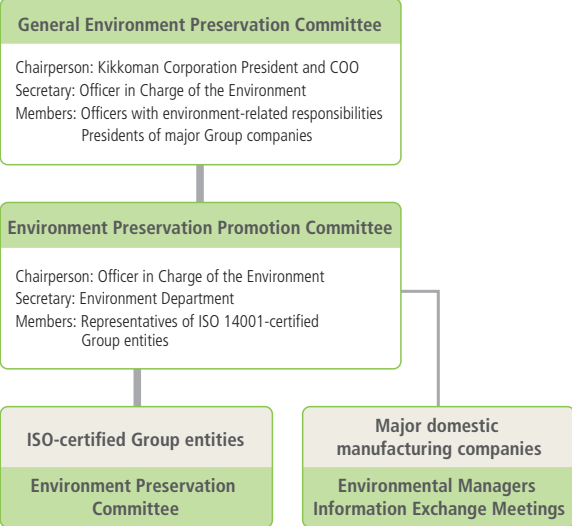
Environmental Preservation System

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

The Environment Preservation Promotion Committee, whose membership includes environmental management officers from Group companies, operates beneath the General Environment Preservation Committee to manage and guide environmental preservation activities from a Group-wide perspective.

Environment Preservation Committees at each Group worksite take the lead in orchestrating specific activities, while Environmental Manager Information Exchange Meetings linking major companies provide a venue for sharing information and technologies of importance to the entire Group.

Framework to Promote Environmental Preservation



Medium- and Long-term Environmental Preservation Goals

The General Environment Preservation Committee adopted the following Medium- and Long-term Environmental Preservation Goals in FY2010:

Medium- and Long-term Environmental Preservation Goal 1 Preventing Global Warming

Objectives

- (1) The major manufacturing companies of the Kikkoman Group in Japan have set a CO₂ emissions reduction target of 10% below the 1990 level, to be achieved by FY2011.
- (2) The major manufacturing companies of the Kikkoman Group have set a CO₂ emissions per unit of production target of 99% or less of the previous year's result.

Medium- and Long-term Environmental Preservation Goal 2 Reducing and Recycling Wastes and Byproducts

Objectives

- (1) Apply improved methods to more effectively recycle wastes and byproducts.
- (2) Actively promote the usage of environmentally friendly containers and packaging materials.

Medium- and Long-term Environmental Preservation Goal 3 Promoting Environmental Management System

Objectives

- (1) Acquire ISO 14001 certification for all major domestic Kikkoman Group facilities as a whole by FY2012.
- (2) Step up use of the PDCA (Plan-Do-Check-Act) management cycle.
- (3) Proactively communicate updates on environmental information to internal and external audiences.
- (4) Disclose the environmental accounting results for Group companies.

Medium- and Long-term Environmental Preservation Goal 4 Promoting Environmental Education

Objectives

- (1) Provide environmental education for employees.
- (2) Participate in environmental education programs for communities and schools.
- (3) Promote environmental communication.

Kikkoman Group companies have pursued an effective program of environmental preservation activities under the management and leadership of the Environment Preservation Promotion Committee. During and after FY2011, the Group will continue to establish new objectives and conduct its business activities in an environmentally friendly manner.

Preventing Global Warming

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

Objectives

- (1) The major manufacturing companies of the Kikkoman Group in Japan has set a CO₂ emissions reduction target of 10% below the 1990 level, to be achieved by FY2011.
- (2) The major manufacturing companies of the Kikkoman Group have set a CO₂ emissions per unit of production target of 99% or less of the previous year’s result.

Scope

- Target (1) Reducing total CO₂ emissions**
Kikkoman Food Products Company, Hokkaido Kikkoman Co., Nagareyama Kikkoman Co., Heisei Foods Co., Edogawa Foods Co., Nippon Del Monte Corp., Tohoku Del Monte Co., and Manns Wine Co., Ltd.
- Target (2) Reducing CO₂ emissions per unit of production**
Kikkoman Food Products Company, Hokkaido Kikkoman Co., Nagareyama Kikkoman Co., Heisei Foods Co., Edogawa Foods Co., Nippon Del Monte Corp., Tohoku Del Monte Co., Manns Wine Co., Ltd., FoodChemifa Co., Ltd., Takara Shoyu Co., Ltd., KIKKOMAN FOODS, INC. (KFI, United States); KIKKOMAN (S) PTE. LTD. (KSP, Singapore); and KIKKOMAN FOODS EUROPE B.V. (KFE, Netherlands)

Initiatives

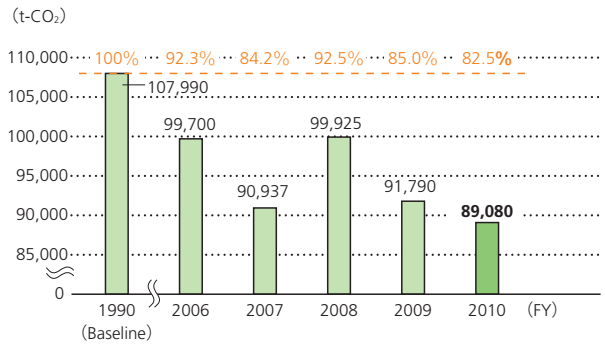
- (1) Review and improve manufacturing processes**
Optimize and reduce energy consumption by consolidating factories and achieving greater efficiency in manufacturing processes.
- (2) Upgrade equipment**
When renewing equipment, switch to more energy-saving and thermal-efficient types to help reduce CO₂ emissions.
- (3) Improve efficiency in energy use**
Reduce reliance on grade A fuel oil and switch to natural gas, and use electricity more efficiently to reduce the environmental impact of operations.

FY2010 review

Reducing total emissions

At the Kikkoman Group’s major manufacturing companies in Japan, CO₂ emissions from manufacturing in FY2010 totaled 89,080 t-CO₂, a decrease of 2,710 t-CO₂ from the previous year, or 17.5% below the 1990 level. This result meets the Group’s target. Measures contributing to this result included the cessation of steam purchases and the installation of a small boiler at Kikkoman Food Products Takasago Factory as well as a review of the production system at Nippon Del Monte. A reduction in soy sauce production volume during FY2010 also helped lower total CO₂ emissions.

Total CO₂ emissions



Reducing emissions per unit of production

At the Kikkoman Group’s major manufacturing companies, CO₂ emissions per unit of production totaled 0.167 t-CO₂/ton, a decrease of 2.2% (0.004 t-CO₂/ton) from the previous year. This result meets the Group’s target.

Reductions in CO₂ emissions per unit of production at FoodChemifa and three overseas companies contributed to this result. FoodChemifa’s conversion of boilers from grade A fuel oil to natural gas was particularly significant.

Going forward, the Kikkoman Group will continue to strive to reduce CO₂ emissions per unit of production throughout its operations, including overseas.

CO₂ emissions per unit of production

	Unit	FY2009	FY2010	YoY change
Total CO ₂ emissions	t-CO ₂	155,480	150,855	97.0%
Product	tons	911,896	904,257	99.2%
Per unit of production	t-CO ₂ /tons	0.171	0.167	97.8%

Case Studies

Installing a solar power system

Kikkoman Food Products Company, KIKKOMAN FOODS, INC. (KFI, United States)

As part of their efforts to reduce CO₂ emissions, Kikkoman Food Products and U.S.-based KIKKOMAN FOODS, INC., (KFI) installed solar power systems at some of their plant facilities.

Kikkoman Food Products began installing solar power equipment with a planned annual generating capacity of 88,800 kWh (equivalent to a reduction of 34 t-CO₂/year) on 3,193 m² of the Noda Factory’s roof in March 2010 with the goal of bringing the system online in July 2010. The project aims not only to reduce CO₂ emission, but also to raise environmental awareness on the part of factory employees and local residents. The company is also considering installing a display at the Soy Sauce Museum to allow visitors to check the operating status of the system.

KFI is currently installing solar power equipment with a planned annual generating capacity of 149,432 kWh (equivalent to a reduction of 56 t-CO₂/year) on carport roofs with an area of 850 m² at its California Plant with the goal of bringing the system online in April 2010. By taking the initiative to install its first solar power system in the state of California, which is known for its many environmental initiatives, the company is looking both to contribute to the reduction of CO₂ emissions and to promote environmental action to the local community and customers in the form of its concrete environmental preservation program.



Solar panels at Noda Factory

Limiting emissions by switching from fuel oil to natural gas and other measures

FoodChemifa Co., Ltd.

In October 2008, FoodChemifa’s Kamogawa Factory switched from grade A fuel oil to natural gas, paving the way for lower CO₂ emissions starting in FY2010 and marking the elimination of the use of grade A fuel oil at all FoodChemifa Factories. The company’s Gifu Factory completed its conversion in 2005 and has already cut its CO₂ emissions. Additionally, the company merged production at its Saitama Factory and New Saitama Factory in April 2009, further contributing to CO₂ emissions reductions.

Thanks to these measures, FoodChemifa reduced CO₂ emissions by 815 t-CO₂ compared to the previous year.



Gas tank at Kamogawa Factory

Reducing energy consumption through manufacturing process innovations

Manns Wine Co., Ltd.

Manns Wine successfully reduced energy consumption in its bottling and new bottle rinsing processes by lowering the pasteurization temperature.

The company uses a heat filling process to kill microorganisms that could reproduce in wine (primarily yeast and other microbes). A series of heat pasteurization tests using the wine indicated that the bottling temperature could be lowered by from 3°C to 7°C without adverse effects. After verifying those results with a quality assurance screening, the company began transitioning to the lower-temperature process in December 2008. The process uses steam from a grade A fuel oil-powered boiler as its heat source, and the lower temperature setting enables savings of 6.4 kℓ of fuel oil per year (equivalent to a reduction of 18 t-CO₂/year).

The company had been using warm water to rinse new bottles, but production line tests indicated that the use of cold water posed no issues in terms of filling or labeling. By switching to cold water for rinsing, the facility was able to save the equivalent of 40.3 kℓ of grade A fuel oil per year (equivalent to a reduction of 109 t-CO₂/year).

As a result of these initiatives, Manns Wine has lowered the amount of grade A fuel oil needed to heat water, saving a total of 127 t-CO₂ per year.



Manns Wine bottling equipment

Reducing and Recycling Wastes and Byproducts

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

Objectives

- (1) Apply improved methods to more effectively recycle wastes and byproducts.
- (2) Actively promote the usage of environmentally friendly containers and packaging materials.

Scope

All Kikkoman Group companies

Initiatives

Actively promote the 4Rs (Refuse, Reduce, Reuse, Recycle).

(1) Waste and byproduct management

Optimize production output, reduce materials, and boost process yields in manufacturing in an effort to reduce byproducts such as soy sauce cake, soy sauce oil, okara (soy milk refuse), and processing residues as well as wastes such as sludge and used plastics. Concurrently, make more effective use of wastes and byproducts.

(2) Container and packaging material management

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

Kikkoman's Guidelines for Containers and Packaging

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

FY2010 review

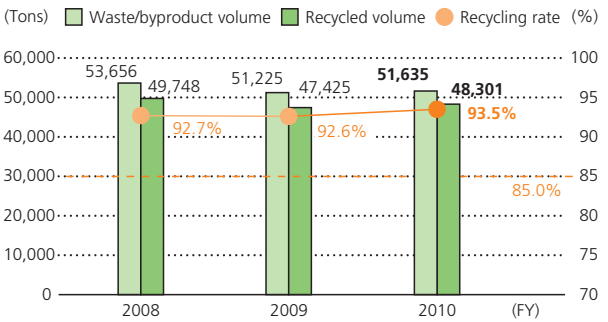
Waste and Byproduct Management

The Kikkoman Group uses the order of priority for recycling and recycling rate as defined by the Food Recycling Law as the standard for judging improvements of methods by which waste products and byproducts are recycled.

During FY2010, we focused first on the effective utilization of food-related waste products (soy sauce cake, soy sauce oil, okara [soy milk refuse], mirin cake, apple residue, grape residue, seaweed oil extraction residue, and bonito and kelp soup extraction residues), in particular by boosting reuse as feed, a high-priority area. As a result, we were able to recycle almost 100% of soy sauce cake as feed, and the Group's overseas manufacturing companies reached 95.5% recycling of byproducts as feed.

The recycling rate as defined by the Food Recycling Law for the Group's nine Japanese manufacturing companies (Kikkoman Food Products, Hokkaido Kikkoman, Nagareyama Kikkoman, Heisei Foods, Edogawa Foods, Nippon Del Monte, Manns Wine, and FoodChemifa) was 93.5% for FY2010, exceeding the target of 85% as set for the food manufacturing industry by the law.

Changes in recycling rate as defined by the Food Recycling Law



Container and Packaging Materials Management

During FY2010, Kikkoman Food Products reduced the weight of the handle on its 1.8 l plastic bottles from 14 g to 10 g. The company also reduced the thickness of the shrink labeling used on soy sauce, tsuyu (a seasoning containing soy sauce), and other products from 50 μm to 40 μm to lower weight and improved the seam design to make it easier to sort for recycling.

New, thinner shrink labeling used on Dashi soy sauce



Case Studies

Utilizing sludge as fertilizer

Kikkoman Food Products Company, Nagareyama Kikkoman Company, Nippon Del Monte Corporation

The Kikkoman Group utilizes sludge waste from factories for fertilizer.

All wastewater sludge generated by Kikkoman Food Products' Noda Factory and Nagareyama Kikkoman is supplied to a treatment company, which processes the waste into organic fertilizer for use in strawberry fields and pear orchards. Magoroku Orchard, which cultivates 25,000 m² of pear trees, praised the fertilizer as being exceptionally well suited to fruit cultivation due to its high nitrogen and phosphorus content.

Wastewater sludge from Nippon Del Monte's Fukushima Factory is supplied to the town of Tomioka, Fukushima Prefecture, which is working to meet as many of the town's resource needs as possible with biomass. The sludge is used as rice paddy fertilizer, allowing it to play a role in making delicious rice and recycling food products.



Applying sludge fertilizer at a pear orchard

Utilizing seaweed residue

FoodChemifa Co., Ltd.

FoodChemifa's Kamogawa Factory, which manufactures alginic acid and propylene glycol alginate, which are used as food additives and raw materials in pharmaceutical production, from seaweed, recycles seaweed cleaning solution and extraction filter residue as leaf spray for vegetables and crop fertilizer.

The liquid that remains after washing seaweed is rich in potassium and minerals needed for plant growth. By spraying it on crop leaves at the right time, it is possible both to help produce last longer and to boost sugar content in vegetables.

Because extraction filter residue generated during the alginic acid manufacturing process contains high levels of diatomaceous earth, which is used as a filter aid, and seaweed solids, it has long been used to make soil for agricultural use. Taking advantage of these properties, the filter residue is mixed with organic substances such as rice polishings, soybean tailings, and wood ash, fermented by microorganisms, and used as fertilizer or to improve soil.



Seaweed fertilizer products

Reducing the weight of 1.8 l plastic bottles

Kikkoman Food Products Company

Kikkoman Food Products is pursuing a number of initiatives designed to make it easier to sort and recycle its product containers, for example by using the same plastic for the handle of its 1.8 l plastic bottles as is used for the rest of the container.

Starting in April 2009, the company continued a series of improvements to the handle by reducing its weight from 14 g to 10 g after verifying that the new design was strong enough to support the container's weight. The resulting reduction in plastic use during the manufacturing process combined with other benefits to lower the company's CO₂ emissions.

Kikkoman Food Products will continue to reduce the weight of containers and packaging and to consider new designs and materials that facilitate easy sorting and recycling.



New (right) and old (left) 1.8 l plastic bottles

Promoting Environmental Management System

The Kikkoman Group is striving to earn ISO 14001 certification for all major domestic facilities as a whole in order to build a more efficient environmental management system and implement more sophisticated environmental management throughout the Group.

Objectives

- (1) Achieve ISO 14001 certification of all major domestic Kikkoman Group facilities as a whole by FY2012.
- (2) Step up use of the PDCA (Plan-Do-Check-Act) management cycle.
- (3) Proactively communicate updates on environmental information to internal and external audiences.
- (4) Disclose the environmental accounting results for Group companies.

Scope

- Objective 1: Kikkoman Corporation, Kikkoman Food Products Company, Kikkoman Beverage Company, Kikkoman Business Service Company, Nagareyama Kikkoman Co., Hokkaido Kikkoman Co., Heisei Foods Co., Edogawa Foods Co., Nippon Del Monte Corp., Manns Wine Co., Ltd., and FoodChemifa Co., Ltd.
- Objective 2: applies to all Kikkoman Group companies.
- Objective 3: applies to all Kikkoman Group companies.
- Objective 4: applies to the 13 Group companies that disclose environmental accounting results (see page 32).

Initiatives

- (1) **Practice ISO 14001**
Form a working group and work to achieve certification for all Group facilities.
- (2) **Perform internal audits**
Establish objectives and policies concerning environmental preservation activities from a Group-wide perspective, put the Group on a footing that facilitates the exchange of information while regularly reviewing the results of worksite efforts to meet objectives and follow policies, and leverage these activities to improve the environmental management system.
Continue to conduct internal environmental audits of domestic and overseas group companies.
- (3) **Disclose information on environmental preservation activities**
Disclose the measures that Kikkoman Group offices and factories are implementing to preserve the environment to both internal and external audiences through this report and Environmental Preservation Activities Case Book.
- (4) **Disclose environmental accounting reports**
Disclose the environmental accounting reports of 13 Group companies in accordance with the Environmental Accounting Guidelines established by the Ministry of the Environment of Japan.

FY2010 review

Acquiring ISO 14001 certification for all Group facilities
During FY2010, we raised awareness concerning the significance of ISO certification, developed work structures, finalized work plans, launched a secretariat and working group, and compiled a draft manual, among other progress. In November, we held a meeting of the Environment Preservation Promotion Committee, marking the completion of our efforts to lay the foundation for the FY2011 kickoff of the certification drive.



Officials meet to discuss preparations for the Group-wide certification drive

Conducting internal environmental audits
In October 2009, we conducted internal environmental audits at U.S.-based KFI's Wisconsin Plant and California Plant, exchanged environmental information with each other, and inspected outside contractors responsible for treating waste products from the plants. Additionally, in March 2010 we conducted an internal environmental audit at Siam Del Monte in Thailand and inspected a site where byproducts (corn residue) are recycled.



Inspecting a byproduct recycling site in Thailand

Sharing information at worksites
In September 2009, environmental managers and administrators at factories in the Kikkoman Group's Noda and Nagareyama districts gathered at the Head Office in Noda, where Noda and Nagareyama Environmental Preservation Discussions were held so that managers could exchange information about environmental preservation activities and report to the group on specific activities in their facilities.

ISO 14001 training
Nagareyama Kikkoman, which identified the training of key people to spearhead the ISO certification process as one of its educational objectives for FY2010, provided group training focusing on worksite compliance three times a month for five employees. Heisei Foods incorporated content addressing an all factory-wide environmental policies and the environmental management system into FY2010 companywide employee education and tier-based education as part of an effort to lay the foundation for the Group-wide certification drive.



Training at Nagareyama Kikkoman

Promoting Environmental Education

The Kikkoman Group strives to communicate the importance and basic ideas of environmental preservation to its employees and to make a meaningful contribution to environmental preservation activities in neighboring communities through education.

Objectives

- (1) Provide environmental education for employees.
- (2) Participate in environmental education programs for communities and schools.
- (3) Promote environmental communication.

Scope

All Kikkoman Group companies

Initiatives

- (1) **Environmental education for employees**
Provide training for new recruits and mid-career employees so that they can understand the importance of a global and ecological mindset as well as environmental preservation and become motivated to address environmental issues. Provide highly specialized training for environmental managers and administrators.
- (2) **Environmental education programs for communities and schools**
Engage in direct dialogue with community residents, students, and schoolchildren to discuss the importance of caring about nature, how to address environmental issues, what the Kikkoman Group is doing to preserve the environment, and how communities can help with the environmental cause.
- (3) **Environmental communication**
Participate in environment-themed seminars and exhibitions to showcase the Kikkoman Group's environmental preservation-related research results, experience, and expertise.

Key environmental education programs conducted in FY2010

Program name	Date	Target audience	No. of participants
New recruit training	April 2009	New recruits	39
ISO 14001 internal auditors training	July 2009	Internal auditors	24
Chiba University Internship	August 2009	Students at Chiba University	2
Eco-learning Program	September 2009 March 2010	Elementary school third-graders	140
Eco-Products 2009 exhibit	December 2009	General public	180,000
Energy Saving Idea Contest	December 2009	Employees	200
Stop Global Warming Chiba Promotion Council	February 2010	NPOs and general public	11
TMR Center Information Exchange Meeting Lecture	March 2010	Individuals involved with dairy farming	300

FY2010 review

During FY2010, the Kikkoman Group conducted a variety of environmental education programs for employees. In particular, the Group focused on raising awareness of environmental preservation activities and on holding ISO-related educational programs in preparation for the Group-wide ISO 14001 certification drive. An Energy Saving Idea Contest held by Takara Shoyu in December 2009 as the first step in raising employees' environmental awareness gave employees a more immediate understanding of the importance of energy saving.
Activities for local communities and schools included accepting two interns from Chiba University in August and holding an Eco-Learning Program in September and March at Shimizu Park for third-graders at elementary schools in Noda City, Chiba Prefecture. In February 2010, the Group briefed 11 members of the Stop Global Warming Chiba Promotion Council, which orchestrates activities by city residents to prevent global warming, on the particulars of Kikkoman's environmental preservation activities. Additionally, the Group exhibited at Eco-Products 2009 in December.



Eco-Learning program

Case Studies

Environmental group visits Kikkoman

In February 2010, 11 members of the Stop Global Warming Chiba Promotion Council visited the Kikkoman Soy Sauce Museum. The council orchestrates a range of activities while coordinating with national and prefectural global warming prevention projects, including by facilitating activities by city residents to prevent global warming, offering guest teacher programs, providing advice and proposals, advertising, and raising awareness. Kikkoman briefed the visitors on the Kikkoman Group's framework for pursuing environmental preservation, introduced the Medium and Long-term Environmental Preservation Goals and associated specific activities, and described future prospects for environmental preservation programs.



Visit by an environmental group

Environmental Risk Management

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

Principal Environmental Risk Management

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

(1) Water Pollution Prevention

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

(2) Manual for the Proper Disposal of Industrial Wastes

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

(3) Noise, Vibration, and Odor Prevention

In an effort to prevent noise, vibration, and odors, we have been installing quieter machines and soundproof/sound-

absorbing walls in our factories. Noise and vibration levels are regularly monitored along the boundaries of our factories to ensure that they do not exceed the levels prescribed by local community regulations.

(4) Air Pollution Prevention

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

(5) Black Mold Pollution Prevention

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

Case Studies

Risk management backed by research and development activities

Kikkoman Environment & Food Safety Analysis Center

The Kikkoman Analysis Center was moved to the Research & Development Division to form the Kikkoman Environment & Food Safety Analysis Center as part of the Group's October 2009 reorganization. In addition to food safety-related research support and analysis activities, the Center is responsible for environmental analysis and supporting environmental preservation activities. By centralizing research and development and environmental analysis functions in a single organizational entity, the change is expected to improve technologies and expertise related to analysis, streamline analytical operations, pave the way for the development of new analytical methods, and facilitate other improvements. For example, when measurement items, analytical methods, regulatory limits, or other parameters change as a result of amendments to environmental ordinances, the new organization will allow the Group to comply with analytical methods utilizing sophisticated analytical equipment while making the necessary changes in a timely and precise manner with the cooperation of research departments.



Water quality analysis by the Environment & Food Safety Analysis Center

Emergency response training

Nippon Del Monte Corporation

Nippon Del Monte's Gunma Factory inspected 39 critical emergency response components in May 2009 and verified the operational status of emergency response equipment in January 2010.

The exercise was based on the hypothetical discharge of sludge outside the facility after it floated up to the surface of a wastewater treatment precipitation tank. An emergency response team of nine workers checked each of a series of critical emergency response components (gates, sandbags, exit valves, wastewater pit pumps, emergency submersible pump, emergency power supply, emergency hoses, and spare wastewater tank). They also inspected associated work procedures and switched over the precipitation tank exit valve, verifying that the hypothetical leak would have been contained as expected.



Emergency response training

Pursuing Environmental Activities

The Kikkoman Group strives to contribute to society by actively utilizing its accumulated environmental technologies and expertise in outside environmental activities.

Participating in the Eco-Product Network (Kikkoman Group)

The Eco-Product Network is a website profiling environmentally friendly products operated by the Green Purchasing Network (GPN).

In FY2009, the Kikkoman Group participated in the development of standards for listing food products in the Eco-Product Network. In FY2010, Kikkoman products including Organic soy sauce, Soy sauce, Hon Tsuyu, Wagaya-wa-Yakinikuyasan, Uchi-no-Gohan, Tomato Ketchup, Lact Vege, Hon Mirin, and Solaris were listed on the Eco-Products Network.

The website lists a variety of environmental information for each product.

URL  <http://www.gpn-eco.net/>



GPN logo

Presentation at a Total Mixed Ration Center information exchange meeting (Kikkoman)

In March 2010, Kikkoman reported on the Group's utilization of soy sauce cake as feed at a Total Mixed Ration (TMR) Center information exchange meeting. The TMR Center is involved in activities ranging from feed production to coordination and supply support in an effort to stabilize livestock farming. About 300 participants from industry, academia, and government involved in dairy farming attended the FY2010 Information Exchange Meeting on a Feed Self-sufficient TMR Center, held at the Science Museum's Science Hall.

Kikkoman explained how 100% of its soy sauce cake, its greatest byproduct by volume, is utilized as an ingredient for livestock feed, and how managing the livestock feed manufacturing process as if feed were a distinct product ensures a high level of quality. Kikkoman's representative also described how initiatives designed to improve the methods by which waste products and byproducts are used have contributed to the recycling of food resources, highlighting the Group's fulfillment of its social responsibility as a food product manufacturer as well as its consideration of environmental factors.



Kikkoman's presentation at the TMR Center information exchange meeting

New 750 ml and 500 ml containers win food product packaging awards (Kikkoman Food Products)

New 750 ml and 500 ml containers for Kikkoman Soy Sauce won awards in the food product packaging category at the Japan Packaging Contest 2009, which was hosted by the Japan Packaging Institute.

The new, rounded bottle benefits from a stable design, improved ease of use, and superior label visibility, and designers succeeded in reducing weight while maintaining strength. Its dome-shaped hinged cap is easily opened, clean, and readily sorted for recycling.

The design was praised for incorporating feedback from customers.



750 ml and 500 ml plastic bottles

Beautifying the environment near a production facility (FoodChemifa)

FoodChemifa's Gifu Factory is working with local residents to beautify the environment.

The city of Mizuho in Gifu Prefecture plans to plant 2,000 cherry seedlings on flood-control embankments along the Goroku River as part of a four-year "Creating a Water and Greenery Corridor" environmental project launched in FY2009. In addition to supporting the endeavor by planting 450 seedlings, the Gifu Factory has planted 500 Yoshino cherry trees along the Sai River, which flows along the eastern edge of its property. The plant sought not only to beautify the environment with flowering trees that will bloom in the near future, but also to help protect biodiversity in the community. Additionally, factory workers join community residents once a month to pick up litter in the area, striving to collect resources for recycling and clean up the environment.



The mayor of Mizuho City joins the factory manager of the Gifu Factory in planting seedlings

Energy, Resource and Discharge Flows

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

Environmental Products Lifecycle Management

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

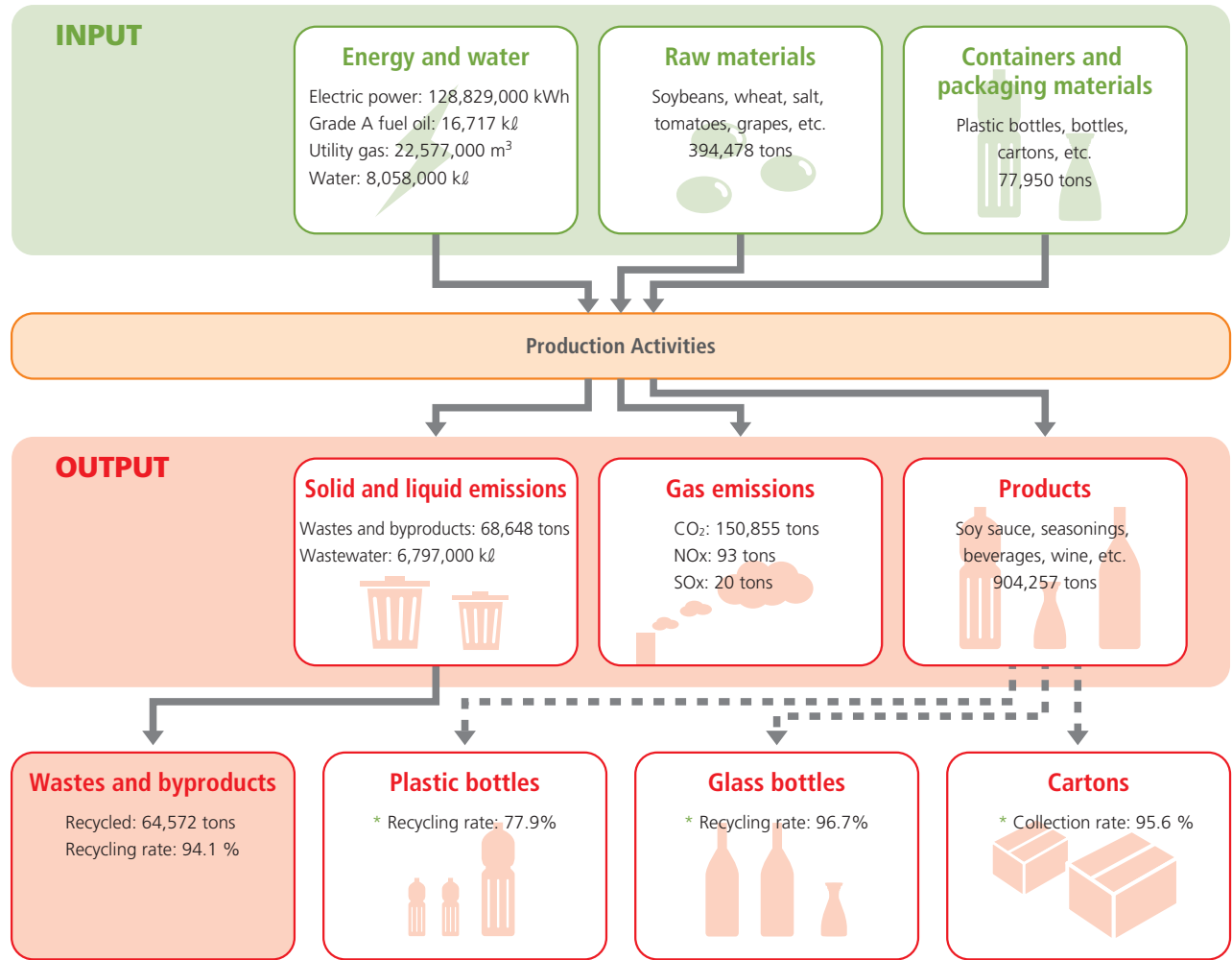
The Kikkoman Group strives to minimize the environmental impact of its manufacturing activities by seeking to consume less energy, water, and materials in manufacturing processes; improve efficiency in manufacturing and energy use; and reduce wastes.

We also attempt to reduce the environmental impact of products after consumption by developing and using more readily recyclable containers and packaging materials such as glass and plastic bottles and cartons.

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

Energy, Resource and Discharge Flows for FY2010

The numbers shown in the diagram are based on what we have reported in our environmental accounting for FY2010.

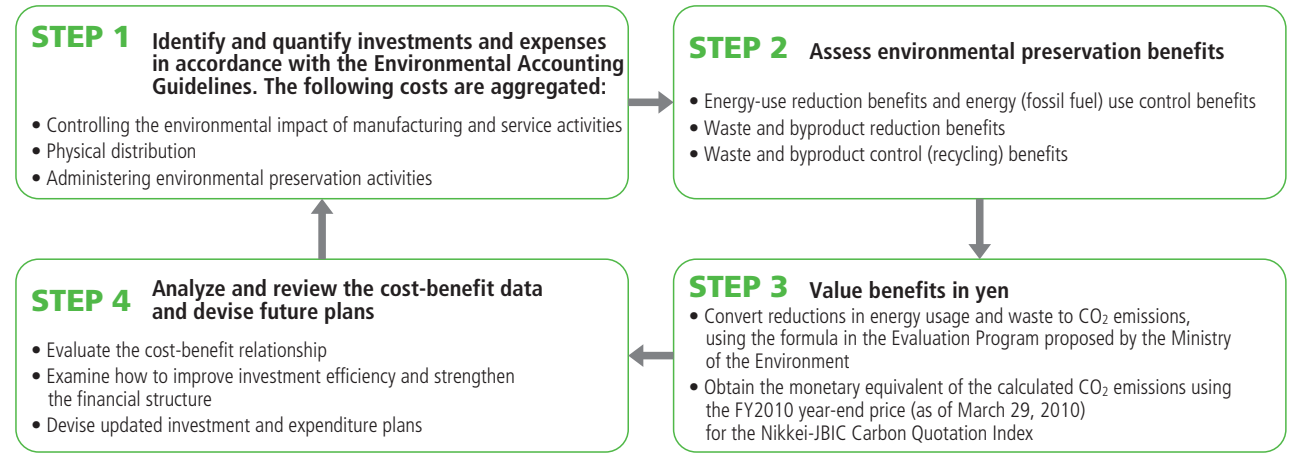


*The recycling rates for plastic bottles and glass bottles and the collection rate for cartons reflect action by customers. These figures have been calculated based on information published by respective trade organizations for FY2009.

Environmental Accounting

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

Environmental Accounting Scheme



Environmental Accounting for FY2010

Scope of reporting
Kikkoman Food Products Company; Hokkaido Kikkoman Co.; Nagareyama Kikkoman Co.; Heisei Foods Co.; Edogawa Foods Co.; Nippon Del Monte Corp.; Tohoku Del Monte Co.; Manns Wine Co., Ltd.; FoodChemifa Co., Ltd.; KIKKOMAN FOODS, INC. (KFI, United States); KIKKOMAN (S) PTE. LTD. (KSP, Singapore); and KIKKOMAN FOODS EUROPE B.V. (KFE, Netherlands): April 1, 2009 - March 31, 2010
Takara Shoyu Co., Ltd. January 1, 2009 - December 31, 2009

(Rounded to the nearest million yen)

Category	Kikkoman Food Products Company*1	Nippon Del Monte Corp.*2	Manns Wine Co., Ltd.	FoodChemifa Co., Ltd.	Takara Shoyu Co., Ltd.	KFI	KSP	KFE	Total
Environmental preservation investments and expenses									
Environmental preservation investments	74	22	4	206	6	27	5	13	357
Environmental preservation expenses	1,476	229	38	365	42	163	11	32	2,356
Environmental preservation benefits									
Energy use reduction	1	3	0	1	0	1	0	0	6
Energy (fossil fuel) control	5	—	—	—	—	—	—	—	5
Waste and byproduct reduction	-7	1	0	3	0	-2	0	0	-5
Waste and byproduct control (recycling)	59	10	2	32	1	28	3	3	138
Total	58	14	2	36	1	27	3	3	144

*1 Includes performance of Hokkaido Kikkoman Co., Nagareyama Kikkoman Co., Heisei Foods Co., and Edogawa Foods Co.
*2 Includes performance of Tohoku Del Monte Co.

FY2010 Review

Environmental preservation investments
Environmental preservation investments in FY2010 totaled ¥357 million, a reduction of ¥86 million from FY2009. The decline is primarily due to the completion of investments in soy sauce cake resource recycling equipment at Kikkoman Food Products and in the conversion of FoodChemifa boilers from grade A fuel oil to natural gas.

Environmental preservation expenses
Environmental preservation expenses in FY2010 totaled ¥2,356 million, a reduction of ¥12 million from FY2009. The

decline was primarily due to a reduction in pollution prevention costs associated with wastewater treatment and air pollution prevention at FoodChemifa.

Environmental preservation benefits
Environmental preservation benefits in FY2010 totaled ¥144 million, a reduction of ¥122 million from FY2009. The decline was primarily due to a reduction in waste and byproduct reduction benefits at Kikkoman Food Products and a decline in the CO₂ price used to calculate benefits.

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

Social Report

The Kikkoman Group incorporates a range of initiatives to fulfill its responsibilities to customers and other stakeholders.

Stakeholder Initiatives

Customers

Quality Assurance

- Providing Safe and High-quality Products
- The Kikkoman Group Quality Assurance System
- Promotion Organization for Quality Assurance Activities
- Quality Assurance in the Product Development Phase
- Quality Assurance in the Production Phase

Pursuing Customer Satisfaction

- Utilizing Customer Feedback

Employees

Creating Workplaces that Facilitate Employee Self-fulfillment

- Respecting Fairness and Employee Independence in Human Resources
- Preventing Harassment
- Barrier-free Initiatives and Promoting Employment of People with Disabilities
- Respecting Employees' Work-Life Balance
- Maintaining Sound Labor-Management Relationships
- Socially Responsible Corporate Pension Management

Improving Employee Skills and Fostering Career Development

- Translating the Human Resources Development Vision into Reality
- Efforts to Vitalize the Organization
- Self-improvement Training Programs

Occupational Safety and Health Management System

- Promoting Safety and Health Activities
- Encouraging Employee Physical and Mental Well-being



Local Communities

- Supporting Employees' Volunteer Activities
- Programs to Provide Hands-on Experiences
- Education and Sound Development of Youth
- Contributing to Making Communities Safer
- Community Outreach Programs
- Donations
- Promoting and Developing Food Culture

Shareholders and Investors

- Timely and Appropriate Disclosure of Information
- Promoting Open General Shareholders' Meetings
- Distribution of Profits
- Credit Ratings

Suppliers

- Conducting Fair Business Transactions
- Developing Good Working Partnerships with Suppliers
- Joint Procurement by 5 Group Companies
- Ensuring Ingredient Quality
- Environmental Considerations in Procurement

2009 Highlights

This section introduces some of the initiatives and activities during FY2010 undertaken by the Kikkoman Group for stakeholders.

Customers

We brought customer feedback to bear on product development

Wagaya-wa-Yakinikuyasan (soy-sauce based marinade) had been available only in 210 g and 400 g sizes, but we introduced a 21 g ("Dispen Pak") single-use version of the product in response to customer feedback indicating that the existing sizes were too large for small families.

Employees

We were selected as a great place to work for the third time in as many years

Kikkoman participated in an employee satisfaction survey conducted by the Great Place to Work® Institute Japan and was selected as a great place to work for the third time in as many years. The survey indicated that many Kikkoman employees take pride in and feel a strong sense of identity with their company.

Shareholders and Investors

We're engaged in investor relations (IR) activities that promote a better understanding of the company

Kikkoman Corporation places importance on information disclosure and investor relations that focus on fairness, timeliness, and expeditiousness. During FY2010, we held four meetings with management for analysts and institutional investors as well as one factory tour and business-specific workshop. For individual investors, we held 13 seminars introducing the company.

Suppliers

We pursued environmental measures together with suppliers

The Kikkoman Business Service Company Purchasing Department works with ingredient and material suppliers to encourage them to adopt packaging that minimizes the amount of waste products, introduce rules that keep delivery vehicles from being allowed to idle while parked, and take other steps to improve the environmental friendliness of their operations. During FY2010, we asked 181 suppliers to implement these measures.

Local Communities

Employees and companies work together to make donations to local organizations

In FY2010, the Kikkoman Group began donating products to people requiring food assistance through a food bank organization. Additionally, Kikkoman Corporation matched employee donations to the same food bank organization in February 2010.

For Our Customers

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

Quality Assurance

Providing Safe and High-quality Products

The Kikkoman Group pursues quality assurance activities covering the entire process of developing and marketing products in accordance with the Kikkoman Group Quality Policy. Additionally, our website details our efforts to improve quality assurance in a section called “Initiatives for Providing Greater Safety and Assurance” with the aim of helping customers to have greater confidence in our products.

Kikkoman Group Quality Policy

We strive to contribute to improving the dietary lives and health of people worldwide with our safe, high-quality products and services.

- 1) **The customer comes first:**
We listen to our customers and make the customers’ point of view our guide to providing better products and services.
- 2) **We are committed to quality, safety and reliability:**
We constantly strive for safety and higher quality to earn complete customer confidence in our products and services.
- 3) **Trust is our greatest asset:**
We value our customers’ trust above all else, and maintain it by complying with all laws and regulations, as well as by providing clear and easy-to-understand information.

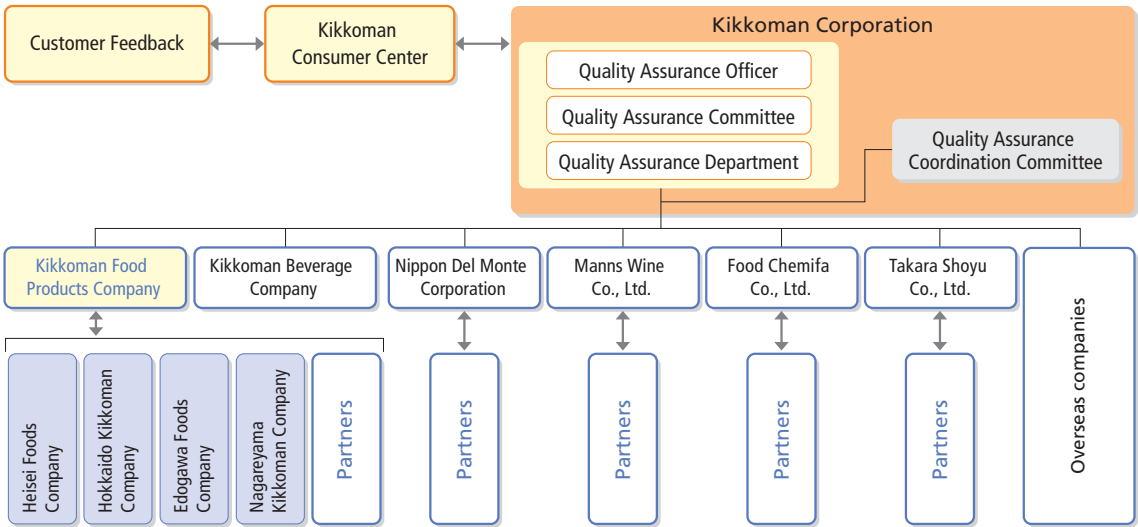
Kikkoman Group Quality Assurance System

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

Quality Assurance Organization

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

● Group Quality Assurance System



■ Group Quality Assurance Coordination Committee

Following its October 2009 shifting to a holding company management structure, the Kikkoman Group established the Group Quality Assurance Coordination Committee with participation by all Group companies’ quality assurance departments in order to strengthen its quality assurance activities. The committee seeks to raise the level of quality assurance practiced by Group companies by identifying and discussing how to address issues that affect particular companies as well as the Group as a whole, addressing current topics of concern, complying with regulatory changes, and sharing information about quality accidents and other incidents.

■ Quality Assurance Department

In 1985, Kikkoman became one of the first food industry companies in Japan to establish a Quality Assurance Department. Since then, the department has adopted the customer’s perspective as it conducts rigorous quality assurance reviews of all processes from ingredient procurement to product sales from the standpoint of assuring safety, legal compliance, and social fairness. Products that do not pass these reviews, which form the lynchpin of Kikkoman’s quality assurance program, are not brought to market.

Kikkoman Corporation’s Quality Assurance Department also serves as the secretariat of the Quality Assurance Committee. Working with individual Group companies’ quality assurance departments, it strives to adopt the customer’s perspective and raise the level of quality assurance at the company so that Kikkoman can provide products and services that customers can use with confidence and peace of mind.

Quality Assurance in the Product Development Phase

■ Safety of Ingredients and Materials

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

Investigating and Verifying Allergens

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

● Ingredients legally required or recommended to be listed on labels

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

Screening for Residual Agricultural Chemicals

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

In response to the Positive List System for Agricultural Chemical Residues in Foods under the revised Food Sanitation Act, we established efficient and accurate analytical methods in 2007 to facilitate timely detection of any of 300 commonly used agricultural chemicals.

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

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

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

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

Checking the Safety of Ingredients and Materials Made from Beef

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

■ Product Labeling
Legal and Regulatory Compliance

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

Ensuring Social Fairness

Working to adopt the customer’s perspective, Kikkoman seeks to ensure that labeling conforms to standards of social fairness by verifying that product packaging and advertisements do not contain exaggerated or misleading information, and that they comply with our internal labeling guidelines.

Appropriate Information Disclosure

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



Example of product labeling for Extra Fancy Whole Beans Soy Sauce

- (1) **“Tokusen (extra grade)”**
Indicates that the product contains more umami-related compounds than special grade soy sauce.
- (2) **“Whole Beans Soy Sauce”**
Indicates that whole soybeans were used as ingredients in the production of this soy sauce product, and that defatted soybeans were not used.
- (3) **“Naturally Brewed”**
Indicates that the product was made using traditional Japanese methods for slowly fermenting and brewing moromi mash.
- (4) **Nutrition label**
Contains labeling information mandated by the JAS (Japan Agricultural Standard) and Food Sanitation Act.
- (5) **Expiration date**
Indicates that latest date at which the full flavor of the unopened product can be enjoyed, assuming that it has been stored in accordance with instructions on the nutrition label.
- (6) **“After opening”**
Indicates that the product should be kept in the refrigerator after opening and used as quickly as possible.
- (7) **JAS mark**
Indicates that the product qualifies as special-grade soy sauce under the JAS (Japan Agricultural Standard) classification system of special grade, upper grade, and standard levels of quality.

■ Container and Packaging Safety and Environmental Considerations

All containers and packaging that we use are checked to ensure that their materials and designs meet the standards of the Food Sanitation Act as well as our own internal safety guidelines.
In addition, we strive to minimize environmental impact in this area by having a Containers and Packaging Committee verify that all containers and packaging meet our internal environmental standards. We do not use any container that does not conform to these standards.

Quality Assurance in the Production Phase

In order to supply customers with safe, high-quality products, the Kikkoman Group has received certification under the ISO 9001*1 international quality control standard for most of its Japanese plants.
Furthermore, Kikkoman Food Products manages its production activities in accordance with a quality control system that combines an ISO 9001 system (an international model for quality control systems for products and services), GMP*2 standards (standards for equipment and work procedures at facilities that produce food products), and the HACCP*3 concept (a mechanism for preventing food accidents). The company also strives to manufacture safe products by conducting quality inspections as necessary during each production process.

*1 ISO: International Organization for Standardization
*2 GMP: Good Manufacturing Practice
*3 HACCP: Hazard Analysis and Critical Control Point

■ Monitoring Quality Control

We have put in place a system for monitoring quality control to ensure that customers can use Kikkoman brand products with confidence and peace of mind no matter where in the world they are. Managers with specialized knowledge extending beyond the plant in which they work provide comprehensive and regular monitoring of food product hygiene, equipment management, and other aspects of operation at the Group’s Japanese and overseas manufacturing plants.

Pursuing Customer Satisfaction

Basic Approach

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

Utilizing Customer Feedback

■ Kikkoman Consumer Center

Kikkoman has established a Kikkoman Consumer Center to serve as the primary channel through which the Company communicates with customers. The Center strives to provide accurate, speedy, and heartfelt service to customers in accordance with a basic policy of “Speed, Precision, and Sincerity.”
Questions and comments received from customers are stored in a database that is utilized companywide in order to help provide speedy, accurate service and to take full advantage of customer feedback as a management resource. Furthermore, customer feedback is summarized and shared internally with executives, managers, and supervisors nationwide in the form of weekly reports.

Participation of the Kikkoman Consumer Center in the Quality Assurance Committee helps bring customer feedback to bear in our efforts to both improve existing products and develop new ones.

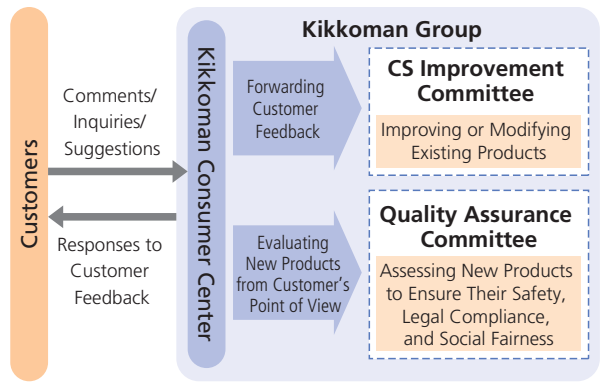
● Customer inquiries at the Kikkoman Consumer Center

FY	Total inquiries			
		Comments	Inquiries	Suggestions
2006	16,748	1,025	14,457	1,226
2007	19,518	1,135	16,785	1,598
2008	21,758	1,421	18,414	1,923
2009	23,981	1,235	20,245	2,501
2010	25,552	1,711	21,869	1,972

■ CS Improvement Committee

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

● How Kikkoman Acts on Customer Feedback



■ Communicating information through our website

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

Case Studies

Launching a single-use product in response to customer feedback

In response to customer feedback indicating that our Wagaya-wa-Yakinikuyasan product, which was only available in 210 g and 400 g sizes, was too large for small families desiring to try multiple flavors, we launched a 21 g (“Dispen Pak”) single-use version of the product. The new, smaller size is also more environmentally friendly since it cuts down on waste.

For Our Employees

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

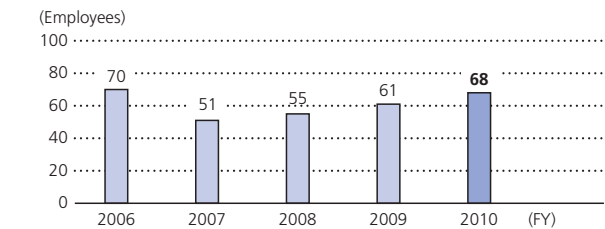
● Creating Workplaces that Facilitate Employee Self-fulfillment ●

Basic Approach

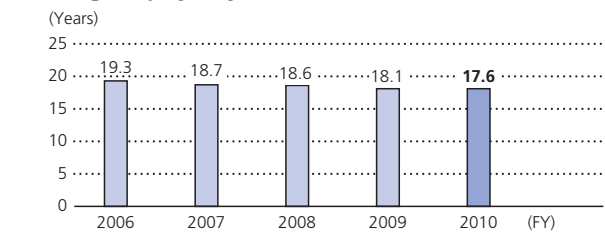
We have a basic policy of “respecting every employee’s human rights” in the belief that “a company can fare well only when its employees lead healthy and happy lives.” Under this policy, we believe in employees’ potential, avoid practicing or condoning unlawful discrimination, ensure equal opportunity,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

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

● New hires (non-consolidated basis)



● Average employee* years of service (non-consolidated basis)



*Includes temporary employees.

● Human Resource Management System (Kikkoman)



Emphasizing Fairness and Employee Independence in Human Resources

Kikkoman’s human resources system employs an ability-based grading process that comprises several subsystems, including human resources utilization, training and education, performance reviews, and compensation.

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

Preventing Harassment

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

Barrier-free Initiatives and Promoting Employment of People with Disabilities

Kikkoman believes in creating a work environment in which people with disabilities can keep their jobs based on the principle of “normalization” the concept of creating a society in which able-bodied and disabled people can live and work together on equal terms. Accordingly, we are actively creating barrier-free work environments for all employees. In FY2010, the proportion of employees with disabilities at Kikkoman Corporation and Kikkoman Food Products Company was 1.74% and 1.86%, respectively.

Respecting Employees’ Work-Life Balance

In order to support and encourage employee efforts to achieve a healthy balance between rewarding work and fulfilling private lives, Kikkoman has implemented a set of Company-developed support programs designed to create an environment whereby employees can make the most of their abilities in a healthy and energetic manner.

Among these, we introduced childcare leave 10 years before its enactment in law and family care leave 20 years before its enactment in law. A total of 326 employees have taken advantage of the childcare leave program since its introduction, while 50 employees have utilized the family care leave program.

● Flexible Work Arrangements (Kikkoman)

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

Maintaining Sound Labor-Management Relationships

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

Socially Responsible Corporate Pension Management

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

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

TOPICS

Kikkoman is singled out as the great place to work for the third time in as many years

Kikkoman participated in an employee satisfaction survey conducted by the Great Place to Work® Institute Japan, a research agency specializing in employee motivation, and was selected as one of the Best 25 Companies for its high level of employee motivation for the third time in as many years.

The survey indicated that many Kikkoman employees see their company as valuing people and feel a sense of pride and identity with it.



Kurumin certification

Kikkoman was authorized to use the Kurumin “next-generation certification” mark in September 2009.

Kikkoman has a track record of working to create employee-friendly work environments for its employees. Furthermore, we have developed and implemented action plans designed to help employees balance the responsibilities of work and parenting and to help our companies provide a work environment that is conducive to worker motivation in accordance with the Act on Advancement of Measures to Support Raising Next-generation Children. Kurumin certification recognizes the quality and effectiveness of these initiatives.



● Improving Employee Skills and Fostering Career Development ●

Translating the Human Resources Development Vision into Reality

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

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

FY2010 initiatives included career development support, compliance awareness improvement, and harassment prevention programs.

Organizational revitalization initiatives

Creating workplaces where employees can work in an engaged and energetic manner requires organizational drive in the form of vision, values, and high-quality management. During FY2010, we launched an initiative to have individual managers and supervisors revitalize the worksites for which they are responsible by establishing a vision and human resources

development objectives according to various organizational roles. Managers and supervisors from different departments meet at Organizational Revitalization Vision Workshops to refine their visions and discuss how they can be effectively implemented.

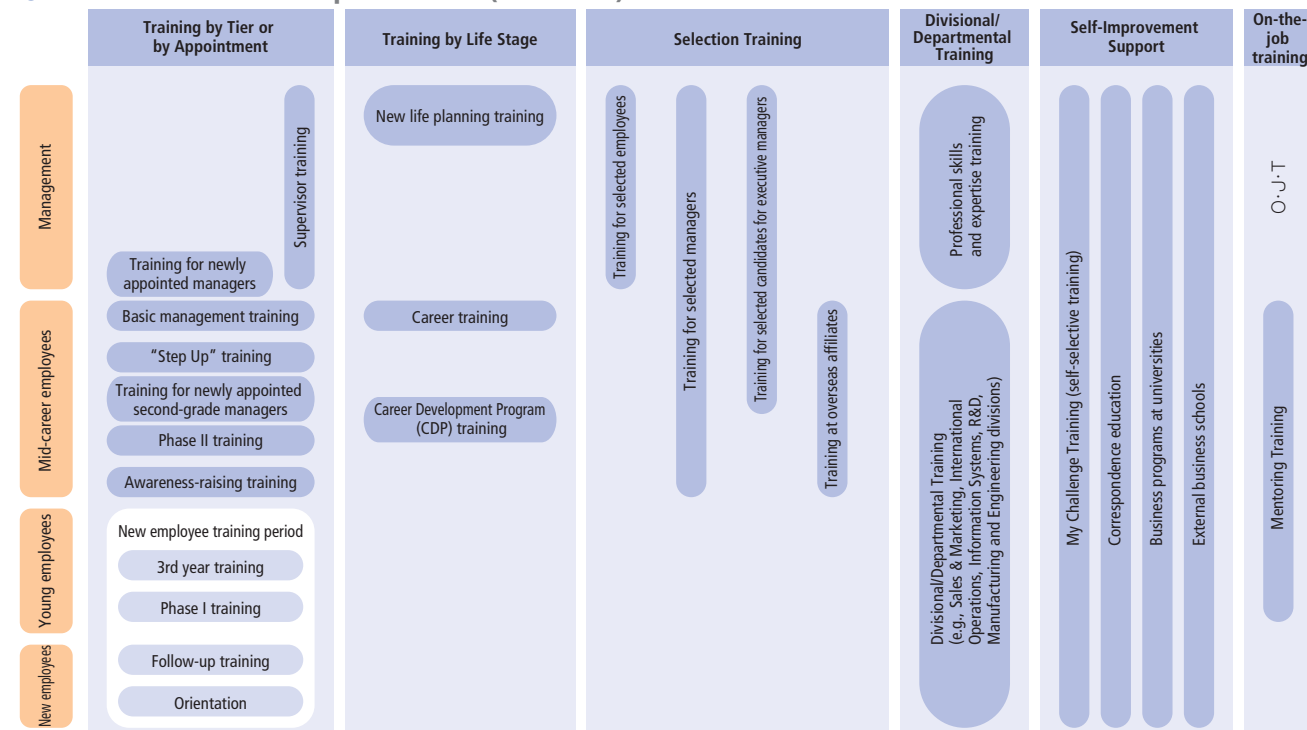
Self-improvement Training Programs

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

● Number of participants in self-improvement training programs in FY2010

Training program	Number of participants
Correspondence courses	596
Business school scholarships	16
Scholarships for business management courses at universities	8
My Challenge Training	94

● Human Resource Development Chart (Kikkoman)



● Occupational Safety and Health Management System ●

Basic Approach

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

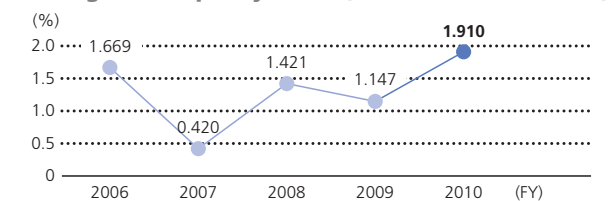
Promoting Safety and Health Activities

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

There were two accidents resulting in work stoppages during FY2010. We remain committed to strengthening efforts to eliminate accidents by applying risk assessment practices companywide.

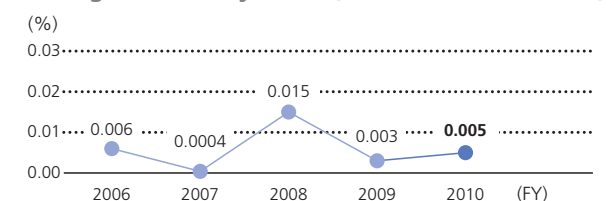
Additionally, we are working to share information about safety and health initiatives among Group companies by holding two annual meetings for all Kikkoman Group companies as a way to improve occupational safety and health standards throughout the Group. During FY2010, the meetings provided a venue for exchanging views on the status of risk assessment, our response to H1N1 influenza, and mental health measures.

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



*1 Frequency rate: An indicator of the frequency of disasters/accidents, represented by the number of casualties resulting from occupational accidents per 1 million work hours (non-absence injuries count as 0.5 persons).

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



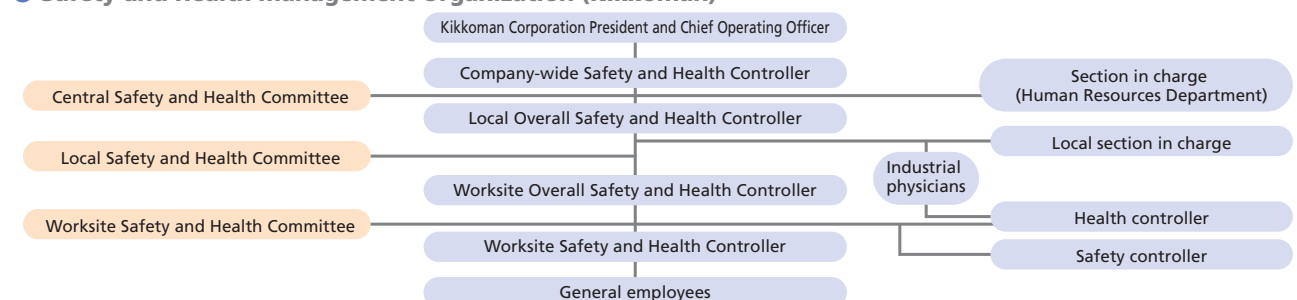
*2 Severity rate: An indicator of the severity of disasters/accidents, represented by the amount of work time lost due to occupational accidents requiring absence from work per 1,000 work hours (non-absence injuries count as 0.5 days).

Encouraging Employee Physical and Mental Well-being

In addition to having an occupational medical nurse follow up with employees needing re-examination following their medical check-ups and providing a health databank by means of which employees can access their health data, Kikkoman has opened a 24-hour telephone hotline for health and medical questions in partnership with an outside institution as part of its ongoing commitment to helping employees maintain good physical and mental health. Our mental health program includes both counseling and employee training components.

To prevent health problems and accidents caused by overwork, a special agreement between labor and management limits overtime. We also utilize an overtime management system and have monthly "No Overtime" days. Furthermore, supervisors whose employees accumulate excessive overtime are warned, and employees have interviews with industrial physicians.

● Safety and Health Management Organization (Kikkoman)



For Our Shareholders and Investors

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

Timely and Appropriate Disclosure of Information

Kikkoman places importance on information disclosure and investor relations (IR) activities that focus on fairness, timeliness, and expeditiousness. In addition to holding IR meetings in Japan, the United States, and Europe, we promptly disclose a variety of IR information on our website for the benefit of investors who are unable to participate in the meetings.

In FY2010, we held four meetings with management for analysts and institutional investors, one factory tour, and a workshop on soymilk. For individual investors, we held 13 seminars introducing the Company. Going forward, we remain committed to pursuing activities designed to promote a better understanding of our businesses while bringing feedback from shareholders and investors to bear.

Promoting Open General Shareholders' Meetings

To encourage higher attendance, Kikkoman Corporation schedules the annual general shareholders' meeting to avoid clashing with the most common dates for other companies' meetings. Moreover, we deliver the convocation notice and related documents to shareholders three weeks in advance in order to allow careful review of the agenda. We also send an English-language convocation notice to overseas shareholders. Additionally, we allow shareholders to vote online, and we participate in a voting platform for institutional investors to make it more convenient for shareholders to exercise their voting rights.



Financial results briefing

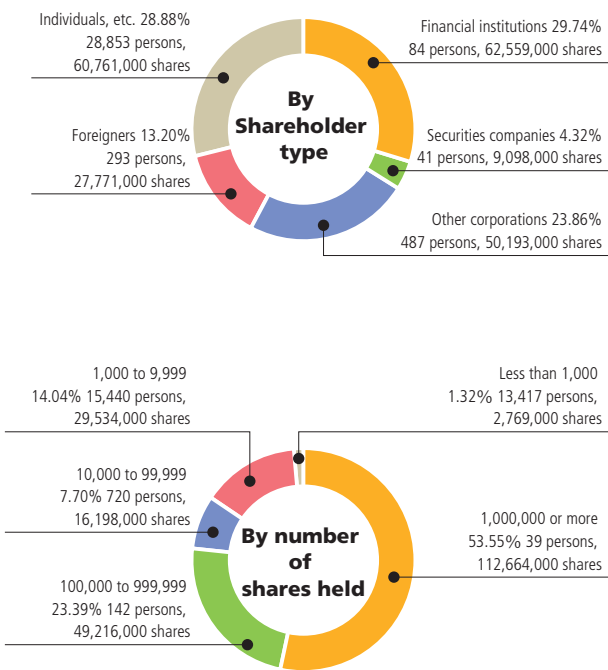


Annual Report



IR Report

Composition of shareholders (as of March 31, 2010)



Distribution of Profits

Kikkoman Corporation considers the dividend policy as one of our key management issues. Our basic policy is to reward shareholders through consistent distribution of profits backed by strong consolidated financial performance, while using funds to invest in strengthening its corporate foundation and future businesses. The dividend for FY2010 is expected to be ¥15 per share.

In addition, we have a special benefit plan for shareholders aimed at deepening their understanding of the Kikkoman Group's businesses and products and encouraging their ongoing support.

From a long-range perspective, we intend to deploy internal reserves in ways that create robust corporate value. Future plans include investments in expanding our international operations, streamlining production facilities, conducting research and development for new businesses, opening and expanding markets to cultivate new demand, and pursuing strategic investment activities.

Credit Ratings

Credit ratings provided by rating agencies serve as a means of better understanding Kikkoman's financial soundness. Kikkoman gives credit ratings an important role in financial strategy out of recognition that they reflect the manner in which capital markets evaluate the Company's performance and creditworthiness.

Kikkoman was given a rating of A (single A stable) by Rating and Investment Information, Inc., in Japan as of March 31, 2010. We are striving to maintain and further improve our ratings.

Working with Suppliers

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

Conducting Fair Business Transactions

As outlined in our Code of Conduct, Kikkoman's selection of and transactions with suppliers are fair and based solely on vendors' ability to provide good quality, prices, and services, and not on the personal preferences or considerations of employees. Internal Procurement Guidelines provide a basis for the management system that ensures that this policy is followed.

We have in place a system for reviewing proposed business with new suppliers against evaluation criteria and for reevaluating existing suppliers on a regular basis. Both of these measures ensure fair evaluation and provide opportunities for new suppliers. To help minimize potential risks, we procure ingredients and raw materials from multiple suppliers.

Developing Good Working Partnerships with Suppliers

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

Joint Purchasing by Five Group Companies

In March 2009, we began joint purchasing by bringing purchasing functions for Takara Shoyu, Higeta Shoyu, Nippon Del Monte, and FoodChemifa into the Kikkoman Purchasing Department.

Efforts to conduct fair business transactions and develop good working partnerships with suppliers have continued after the consolidation of purchasing functions. A coordinator is assigned to each purchasing product category, and we're working to strengthen initiatives with suppliers through joint purchasing practices that cut across these five companies.

Ensuring Ingredient Quality

Kikkoman works closely with suppliers to ensure ingredient quality.

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



Discussing the harvest forecast with our soy beans supplier in Indiana, U.S.A.

Environmental Considerations in Procurement

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

In addition, we ask suppliers of ingredients and raw materials to deliver them in packages that generate less waste and require that their delivery truck drivers shut down engines while unloading at our facilities. In FY2010, we made these requests of some 181 suppliers.

When ordering ingredients and raw materials, we work with suppliers and Sobu Logistics to streamline truck deliveries and reduce the environmental impact of our operations, for example by using trucks returning from product delivery runs to pick up shipments from suppliers.

As a Member of the Local Community

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

Basic Approach

Under the management philosophy of “becoming a company whose existence is meaningful to global society,” the Kikkoman Group promotes social activities designed to support society at large, primarily in the field of food and health, while fostering appreciation and preservation of Japanese food culture and maintaining harmony with world food cultures and the environment.

Specially designated social activity promoters in factories, headquarters and branch offices support employees’ volunteer activities companywide. We also implement community-based social activity programs.

Kikkoman Group Social Activities

■ Supporting Employees’ Volunteer Activities

To encourage our employees to engage in volunteer activities, we have introduced programs to match employee contributions to social causes, support their involvement in the community, and provide leaves of absence so that they can work as volunteers.

We also facilitate nationwide volunteer activities in which employees can easily participate, including collecting ruined postcards and used books in support of NGOs and NPOs, holding fund-raising drives for charity, assisting with sales of charity merchandise, and holding charity events to promote interaction with NGOs.

■ Programs to Provide Hands-on Experiences

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

■ Education and Fostering of Youth

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

■ Contributing to Making Communities Safer

We help make communities safer places to live by supporting firefighting and disaster-prevention activities as well as traffic safety campaigns.

■ Community Outreach Programs

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

■ Donations

We make donations in fields related to our business activities, such as educational support and environmental preservation. We also contribute to a large-scale disaster relief fund.

Examples of FY2010 Activities

■ Donations to food banks: Supporting Employee Volunteer Activities and Donations

The Kikkoman Group began donating products to a food bank organization* in fiscal 2010 to be distributed free of charge to individuals needing food assistance.

Kikkoman held a Valentine’s Day and White Day Charity Fundraising Drive in February 2010. Contributions from employees nationwide were matched by the same amount of contributions from the company and donated to the food bank organization in support of its activities.

Going forward, we are committed to continuing social contributions through food as well as active employee volunteer programs.

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



Supplying products to a food bank

■ Cooking Experience Programs for Parents and Children: Programs to Provide Hands-on Learning Experiences for Consumers

Since FY2004, the Kikkoman Group has held cooking experience programs for parents and children in communities where factories are located.

At the “Edamame Soybean Event in Noda” held in June 2009, elementary school students and their parents started by germinating edamame beans (young soybeans still in the pod) from soybeans and then met a farmer from Noda, an area famous for its soybean production, to learn how to cultivate and harvest soybeans. They then enjoyed tasting delicious, fresh boiled edamame soybeans. Employee volunteers helped administer the program.

Kikkoman is committed to continuing to offer hands-on cooking programs for parents and children in order to stimulate interest in nature and society by learning, cooking, and eating together.



Cutting edamame soybean stems

■ Sponsoring English Education in Noda: Education and Fostering of Youth

Kikkoman has supported English-language education in Noda since FY2008 as part of an effort to increase children’s communication skills and enable them to make a contribution on the global stage when they grow up. In FY2010, we sponsored a visit to the Canadian embassy as well as a joint workshop by the Noda City Board of Education and the English-language Section and Elementary English Activities Section of the Noda Association for Educational Study.

At the visit to the Canadian embassy, middle school students joined middle and elementary school teachers in a hands-on English lesson. At the joint workshop, elementary and middle school teachers met together for lectures on the



Visit to the Canadian embassy

aims of foreign-language education, presentations of case studies, and hands-on English activities. At the Elementary English Activities Section workshop, elementary school teachers experienced and learned about communication activities in English as well as various teaching techniques. Kikkoman will continue to offer training opportunities designed to promote partnerships in English instruction at Noda City’s elementary and middle schools in preparation for the introduction of English-language activities in the fifth and sixth grades in 2011.

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

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

In FY2010, the program brought 17 high-school students from the United States to Japan on short-term home-stays and sent 4 Japanese high-school students to the United States on long-term home-stays. Participating students expanded their potential as “citizens of the world” through various activities and study with their hosts, and we expect them to take advantage of their experience to contribute to international exchange in the future.

Promoting and Developing Food Culture

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

Cooking Seminars at Tokyo Head Office’s KCC Hall

Kikkoman holds seminars on subjects ranging from home cooking recipes to restaurant specialty menus and the latest trends in food preparation featuring culinary experts, chefs, and other food professionals. During FY2010, we hosted the following seminars:

- “Professional Cooking Seminars,” in which participants studied cuisine and food culture from chefs from various countries
- “Japanese Cuisine Glossary: In Pursuit of Seasonal Flavor,” which introduced seasonal cuisine while touching on the history and culture of Japanese cooking
- “Regional Cuisine Seminar,” in which participants studied regional cooking knowledge that can be integrated into a contemporary diet
- “Food Class for Adults,” in which participants learned about useful food knowledge and information including ingredients and implements from culinary experts
- “Cooking Class for Parents and Children” and “Food Class for Parents and Children,” which provided an opportunity for parents and children to learn together



Food and cooking seminar

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

The Kikkoman Institute of International Food Culture, located at the Noda Head Office, conducts research on food culture with a focus on fermented seasonings and soy sauce, collects information related to food, and holds forums and seminars on related subjects.

The Center also contributes to international exchange and amalgamation of food culture by making research findings and collected visual and written materials available to the general public at libraries and exhibitions and on its website.

In FY2010, the Center held an exhibition entitled “Lessons about Food and Soul from the Edo Period.” Panels explored lessons associated with food that can be drawn from the period.



The Kikkoman Institute of International Food Culture

Corporate Governance

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

Basic Approach

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

Corporate Governance Framework

Kikkoman Corporation employs a corporate auditor system. We strive to improve and enhance our corporate governance framework with the aim of achieving greater management transparency, clearly defined management responsibility, speedy decision-making, and stronger management oversight.

In March 2001, we introduced a corporate officer system and transferred authority for business execution to corporate officers in an effort to streamline operational responsibilities and speed decision-making and business execution. In June 2002, we established a Nominating Committee to nominate outside directors and outside corporate auditors as well as a Remuneration Committee in order to improve management transparency and strengthen management's oversight function.

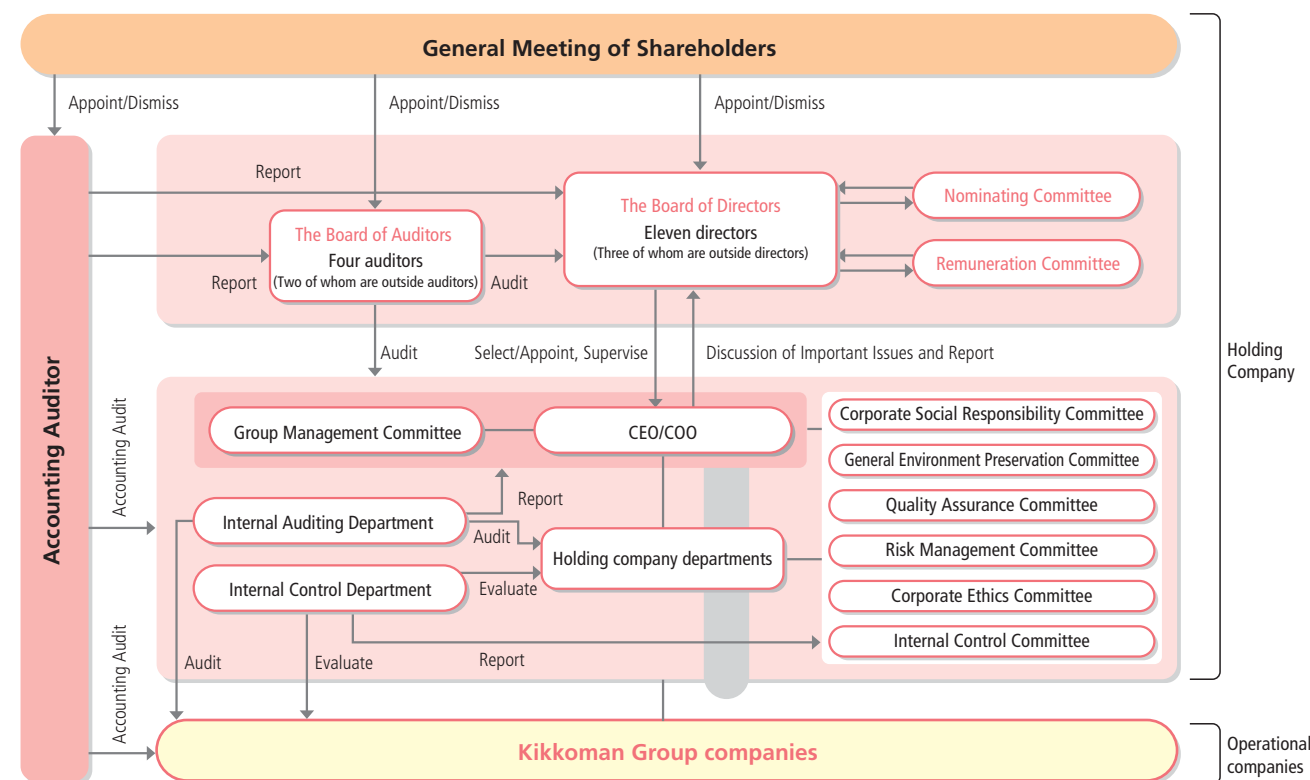
In October 2009, we shifted the Group's management system to a holding company structure. In the future, individual operational companies will enhance their ability to create value in line with their own areas of authority and responsibility based on a Group management strategy determined by the holding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

Internal Control System

Establishing an internal control system that ensures proper execution of business practices is high on our corporate agenda. Accordingly, we have been making Group-wide efforts to develop an enhanced framework for ensuring effective and efficient operations as well as compliance with laws and regulations.

We periodically review and update a basic policy for “Establishing an Internal Control System” that the Board of Directors adopted in May 2006. In addition to establishing an Internal Control Committee and Internal Control Department in November 2008 in order to comply with a new internal controls reporting system mandated by the Financial Instruments and Exchange Act, which went into effect in April 2008, we have both adopted a basic policy concerning internal controls as they relate to financial reporting and established a structure for strengthening internal controls related to financial reporting.

● **Corporate Governance System (As of March 31, 2010)**

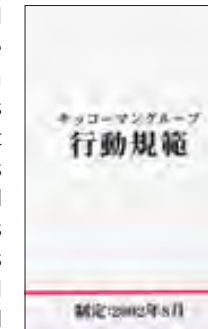


Compliance

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

Kikkoman's Code of Conduct and Compliance System

The Kikkoman Group has established a Code of Conduct, which states that every officer and employee should execute his/her duties with a sense of ethics and mission, and should contribute to the development of society. The Kikkoman Group Corporate Ethics Committee was established to put the Code of Conduct into practice. The committee comprises two outside experts such as lawyers and four Kikkoman Corporation directors and/or corporate officers. Members are responsible for reviewing and implementing all compliance-related policies and measures for the Group.



Pocket Guide

Compliance Education and Awareness Programs

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

All managerial employees holding positions of director, corporate officer, or manager/supervisor within Kikkoman, as well as the presidents of Group companies, are obliged to submit an annual written oath to the CEO pledging their compliance with the Kikkoman Group Code of Conduct. The entire Group strives to practice compliance with corporate ethics as well as laws and regulations.

In addition to holding visits and training for Group companies in Japan on the theme of compliance, the Kikkoman Group is involved in a range of educational and awareness-raising activities, including conducting compliance audits in partnership with the Internal Auditing Department. Kikkoman Group legal affairs officers and other personnel also conduct

compliance fact-finding missions to overseas Group companies. Such missions targeted three companies in Shanghai and Taiwan in FY2009 and four companies in Singapore in FY2010.

During FY2011, we plan to continue to strengthen compliance throughout the Group through local awareness-raising activities such as inspections of domestic and overseas Group companies.



Compliance training for new recruits

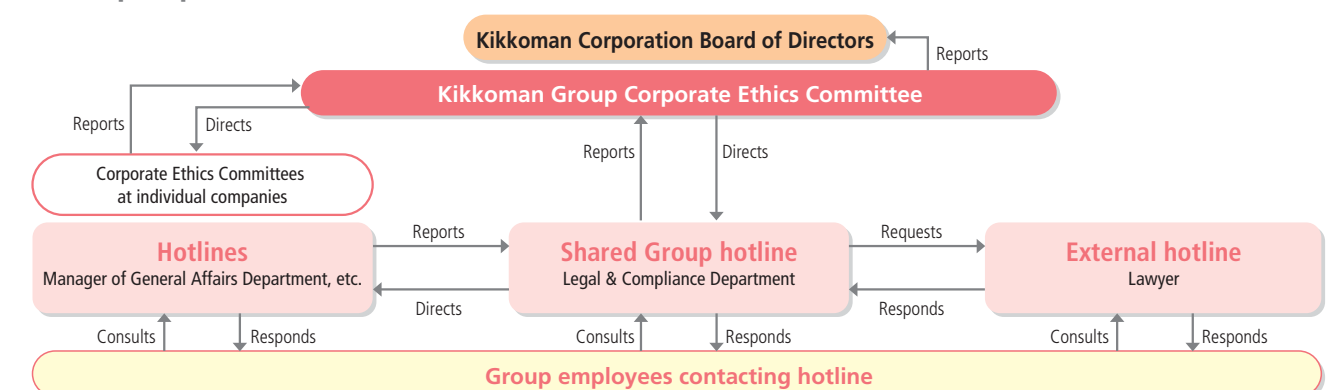
Ethics Hotline

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

The Group Corporate Ethics Hotline consists of an external hotline that is managed by an outside lawyer, a shared Group hotline that is managed by Kikkoman Corporation's Legal & Compliance Department, and hotlines at individual companies that are set up as needed. Reports are received via dedicated phone line, fax, email, and dedicated post office box.

When the office receives a report, an internal investigation is conducted, corrective measures taken, and feedback provided to the individual who initiated the report. The Corporate Ethics Committee Regulations stipulate protection for whistleblowers against any backlash or disadvantage that might result from submission of a report.

● **Group Corporate Ethics Hotline**



Risk Management and Framework to Promote Corporate Social Responsibility

We’re working to enhance the management framework by means of which we prevent the emergence of risks. We’ve also developed a framework to promote activities related to corporate social responsibility, and we’re actively involved in associated initiatives.

Risk Management System

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

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

Framework to Promote Corporate Social Responsibility

The Kikkoman Group believes that the basis of corporate social responsibility (CSR) lies in practicing “what we can do for society” through our business operations and in fulfilling our responsibilities to stakeholders.

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

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



Third-party Opinion



Kikuko Tatsumi
Board Member
Chairman, Environment Committee
NIPPON ASSOCIATION OF CONSUMER SPECIALISTS

Recently concerns about biodiversity have emerged to augment global issues such as climate change, resource and water scarcity, poverty, and conflict. Perhaps closer to home, people find themselves exhausted at the need to deal with many problems during their day-to-day lives. The watchword for our time is surely sustainability.

As I read this year’s report, I thought about what corporate business activities driven by sustainability considerations would look like in this time of mounting social problems, and how those activities would impact our own lives.

The Message from the CEO tells us that Kikkoman’s emphasis on sound daily operations remains unchanged, that Kikkoman was the first Japanese company to sign the United Nations Global Compact, and that the company is working as a global corporation to foster international exchange in food culture. The message also introduces a feature exploring some of Kikkoman’s efforts to implement Kikkoman’s Promise, which was formulated in FY2009, and it closes with a vision for the future that also serves as a reaffirmation of the company’s Management Philosophy. The message has been formulated for an outside audience, yet it also embodies action guidelines for employees. It surely succeeded in conveying the weight of history—of Kikkoman as a traditional corporation built over the course of generations of hard work—and the roles the Group is playing.

The numerous contented faces of people enjoying delicious foods on the cover of the report are the foundation of Kikkoman’s Promise, and I would even go so far as to describe them as the embodiment of a sustainable lifestyle. Above, I wrote that people are exhausted, but these contented faces are the opposite of that. I think a

sustainable lifestyle is characterized by an ability to continue to exist in safety and without excess indefinitely, a life-affirming mode of existence that allows true peace of mind, and these contented faces express that. This year’s feature “Transforming traditional techniques and know-how into delicious flavor worldwide” communicates Kikkoman’s business of filling the world with contented faces through traditional techniques, and by extension leading the world toward peace, in a compelling manner.

Kikkoman’s overseas employees make an appearance in the feature. If I had to make one observation, it would be that if it were possible to show readers outside the company how the principles of the Global Compact are being applied to specific policies, the value of the Global Compact for global corporations could be better communicated. This would also help provide a comprehensive understanding of the various ways in which the company’s numerous overseas employees do their jobs.

I believe that corporate social responsibility does not impose one-sided demands on corporate action, but rather inspires an ongoing search for what is possible that unfolds through a process of communication with stakeholders. Going forward, it is my hope that the company will consider measures such as holding a stakeholder dialog so that it can more sensitively assess social needs in its effort to play a more significant role in global society. In order to achieve a sustainable lifestyle, it is essential for consumers to choose sustainable products. Based on my desire that the company provide more information about the life cycle of its products, I would invite Kikkoman to explain in more detail how environmental considerations relate to ingredients while bearing in mind that soy sauce ingredient such as soybeans and wheat are the bounty of the Earth.

Postscript

We chose the theme for the feature in this year's Corporate Citizenship Report from the various commitments that underpin Kikkoman's Promise. It introduces our activities in the words of coworkers in Japan and worldwide from the standpoint of bringing the joy of delicious food to the people of the world by refining traditional techniques and know-how. In the future, we look forward to continuing to help create delicious memories by spreading the same traditional techniques and know-how worldwide and providing products and services to customers around the world.

This year's report is available both as a paper edition and as a PDF file. The paper edition is designed to introduce the Group's activities in an easy-to-understand manner for as broad an audience as possible, and it consists primarily of a feature, a profile of our Shokuiku (food education) activities, and highlights from our activities during FY2010. This PDF edition augments the content of the paper edition with more detailed information about the Kikkoman Group's basic policies and activities.

Secretariat
Corporate Social Responsibility Committee
Kikkoman Corporation

A word about the photographs used in this report



As part of an effort to share the message informing its new corporate slogan of "seasoning your life" with customers everywhere, Kikkoman launched a photography contest on its website in December 2008. During FY2010, customers responded with more than 1,000 photographs, all of which can be viewed on Kikkoman's website.

Some of the prize-winning submissions are featured on the cover and on the page facing the table of contents.

● "Seasoning your life" photo contest

URL http://www.kikkoman.co.jp/photocon/result2009_01.html
(available until December 2010)