

The Nisshin Oillio Group, Ltd.

# CSR REPORT

HIGHLIGHTS

# 2011



Our social responsibilities, as a company seeking out  
"Good flavor, Health and Beauty"

### Harnessing "The Natural Power of Plants" to extend our global reach

We would like to extend our deepest condolences and sympathies to the people who have lost their lives in and those who have affected by the March 11, 2011 Great East Japan Earthquake and the subsequent tsunami.

Following the disaster, Nisshin Oillio offered aid to help immediate rescue operations and recovery activities in the disaster areas, by sending edible oils, nutritional foods and foods for renal disease patients among our products and by making monetary donations. We sincerely wish for the quickest possible recovery and reconstruction of the devastated areas and will continue to provide as much assistance as possible.

The earthquake also affected Nisshin Oillio, causing damage to some of its warehouses and disrupting product supply. We were able to resume steady and continuous product supply rather quickly, as we already had in place a business continuity plan (BCP), defined in 2009 to provide emergency procedures in case of earthquake, and as a result of the concerted efforts among all employees for early recovery.

In the aftermath of the disaster, the entire world has joined in an effort to help Japan, and we have witnessed a new sense of solidarity, or a bond, growing among people across the globe. Seeing this made us renew our determination to promote our CSR activity on a global basis, extending its scope from Japan to the entire world.

#### ■ Taking pride in being a company with more than a century of history

Upon becoming Representative Director and President of The Nisshin Oillio Group, I pledge to carry on our pursuit for higher safety, reliability and quality, the tradition we have been upholding for more than 100 years. We are also determined to become a company of excellence, one preferred by everyone and one that employees are proud to be part of. In terms of CSR, we seek to become an attractive company for our stakeholders, including customers, shareholders, employees, and local communities, to gain higher trust and support from each of them.

While doing so, we will continue to deliver "good flavor, health and beauty" to our customers across the world by harnessing "the natural power of plants," as depicted in our corporate statement.

#### ■ Phase II - a stage to attain actual growth

In April 2011, we moved on to Phase II of our ten-year basic management plan *GROWTH 10*. While Phase I was dedicated to laying a foundation for future growth, we must make growth a reality in Phase II.

The domestic oils industry continues to face extremely difficult business environment beset by skyrocketing product market prices for grain ingredients, a saturated domestic product market due to the aging population and a decline in oil production volume. We need to understand that these changes occurring over the past few years are not temporary, but stem from the structural issues of the industry itself. *GROWTH 10* is an initiative designed to attain growth at this significant turning point and for another 100 years beyond, by drastically transforming our business structure and creating new markets both in Japan and overseas.

During Phase II, we will work to translate preparatory efforts done in Phase I, including the establishment of the foundation for growth, into positive, concrete returns. Focusing on such keywords as "profit-driven," "technology-focused" and "overseas market development," we will make a significant leap forward in this phase, which we regard as an important stage for establishing a stable earnings structure and securing growth.

Specifically, we first plan to generate stable earnings in the oils and meal business, and then move on to develop our processed oils and fats business into a second earning driver on a par with the oils and meal business. In the growth business domains, we will make the oils and meal business in China as well as the healthy foods, fine chemicals, and soy foods and materials businesses self-sufficient in terms of revenue and then implement strategic activities for their future growth. Turning our eyes from the domestic market, we see very attractive, fast-growing markets in Asia. It is imperative that we take in the energy of active overseas markets, particularly those in Asia. Wielding our differentiated technologies and leveraging the advantages of having operational bases in China and Malaysia, we will aggressively push forward our overseas market development efforts with a sense of urgency and work to increase the overseas sales ratio to at least 30%.

#### ■ Our mission as a global company

As a corporate group operating on a global basis, The Nisshin Oillio Group should not be ignorant of social issues encumbered worldwide. Because we purchase most of our raw materials from overseas sources, issues relevant to our procurement activities may pose a substantial concern over our future course of business. To counter the issue of deforestation, for example, our Group company has joined an international organization the Roundtable on Sustainable Palm Oil (RSPO)\*1, comprised of growers of oil palm, companies trading and processing palm oil, other organizations and NPOs. We must face up to our responsibilities in these issues, particularly those related to raw materials we use.

Another global issue is hunger. As a food manufacturer wanting to give assistance toward a resolution of the issue, Nisshin Oillio has been offering aid through the World Food Programme (WFP) over the past seven years. We are proud that the number of employees participating in this initiative is growing every year.

We also signed the United Nations Global Compact\*2 in July 2011, to show our determination and commitment as a globally operating company.

Through these efforts and by using a global perspective, we will contribute to solution of these ongoing issues, which are expected to persist well into the future.

\*1 See the full edition for more details on RSPO.

\*2 Refer to P4 for more details on the United Nations Global Compact.

### ■ Environmental initiatives utilizing “The Natural Power of Plants”

Nisshin Oillio has consistently been working to reduce CO<sub>2</sub> emissions and waste generation by promoting conversion of the



fuel source, which includes introduction of a cogeneration system, and by encouraging “3R” (Reduce, Reuse and Recycle) activities. Our domestic plants have world-class environmental performance, generating far less environmental load than other vegetable oil plants.

Based on our “Environmental Principles” and “Environmental Policies” formulated in 2009, we will use our cutting-edge technology to extract “the natural power of plants,” as depicted in our corporate statement, and develop and provide products and services that are environmentally sound throughout their lifecycle, from procurement of raw and other materials to production, distribution and disposal. By doing so, we will undertake an array of environmental activities appropriate for Nisshin Oillio, with the ultimate goal of building a recycling-based society.

### ■ Greater opportunities for every employee

Human resources play the most significant role in increasing the corporate value of the entire Nisshin Oillio Group. Our corporate culture has always put strong emphasis on personnel education, and our educational program has been fostered under the belief that education takes precedence over any other work tasks. Our personnel system is firmly based on educational philosophy that advancing the growth of individuals through development of skills and engagement in work tasks will ultimately serve to facilitate the growth of Nisshin Oillio itself.

With our business continuing to expand globally, our urgent task is to develop internationally-minded personnel who can fully demonstrate their skills in a global arena. An expansion of our geographical business domain will generate greater career opportunities for each employee. These opportunities are readily available for those aspiring employees who have made the effort to improve their skills. In that sense, Nisshin Oillio is an extremely attractive company to work for. I would like every employee working for Nisshin Oillio to demonstrate courage and a spirit of action to tackle and overcome difficult challenges.

The Nisshin Oillio Group nurtures a corporate culture that allows it to respond to a change in business environment quickly and flexibly. We will keep very close communication with our stakeholders and continue to strive for steady growth to meet the expectations of society.

A handwritten signature in black ink that reads "T. Imamura". The signature is written in a cursive, flowing style.

**Takao Imamura**

Representative Director and President  
The Nisshin Oillio Group, Ltd.

# The Nisshin OilliO Group's CSR

For The Nisshin OilliO Group, corporate social responsibility (CSR) is in conformity with efforts to meet the expectations and gain the trust of its stakeholders by working to bring out its corporate philosophy.

## Basic policy of CSR activities

### Significance and purpose

- CSR in The Nisshin OilliO Group obviously entails "fulfilling its legal responsibilities" and "meeting the expectations of every stakeholder," such as ensuring stable supply of secure and reliable products and services, promoting responsible actions with environmental initiatives and social contributions, and disclosure of information, with strong focus on its relationship with all stakeholders.
- The Nisshin OilliO Group believes that embodying its corporate philosophy in itself directly leads to fulfillment of its CSR.
- The Nisshin OilliO Group, through its voluntary CSR activities, strives to maintain and enhance the trust and affinity of every stakeholder and achieve sustainable corporate development and increased corporate value.

## Our CSR activities for stakeholders

The Nisshin OilliO Group formulated its basic policy of CSR activities in 2005 and defined six key stakeholder groups: customers, partners, shareholders and investors, employees, society and the environment. We have developed a CSR policy for each group and been facilitating our CSR activities accordingly.



Customers



Partners



Shareholders and Investors



Employees



Society



Environment

## Participation in the United Nations Global Compact

The Nisshin OilliO Group joined the United Nations Global Compact in July 2011. The Global Compact states ten universally accepted principles that organizations should follow in the four areas of human rights, labour, environment and anti-corruption.

Aiming to become a global company, the Group embraces the philosophy of the Global Compact to further promote its CSR activities and respond to the trust of its stakeholders. We will work to instill the ten principles within our Group and make these ideas an integral part of our business operations.



### What is the UN Global Compact?

The Global Compact is a voluntary initiative that was first advocated by the then UN Secretary General Kofi Annan in 1999. It encourages companies worldwide to demonstrate responsible and creative leadership to act as a good corporate citizen in the global society and join in an effort to build a global framework for sustainable growth.

### The Ten Principles of the United Nations Global Compact

HUMAN RIGHTS	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
LABOUR	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.

**Special  
Feature  
1**

# Creating a work environment that enables everyone to demonstrate diverse skills and talents

**Starting Phase II of the 10-year management plan *Growth 10*  
Cultivating personnel capable of supporting our global business development  
— Intercontinental Specialty Fats Sdn. Bhd. (ISF) employees taking the lead —**



Smiles of ISF employees

During Phase II of the Nisshin Oillio's 10-year basic management plan *Growth 10*, the Group must counter the fierce competition in the domestic oils industry, resulting from a drop in consumption caused by the aging population, and the increased preference among consumers towards lower prices triggered by the recession. Phase II is also an important stage for the Group to promote global business development with an eye to increasing its presence in the global market. To achieve this goal, we will make the most of the potential offered by growth markets, while capitalizing on the advantage of having production bases near the regions producing raw materials and regions consuming our products.

For business to expand globally, having personnel capable of growing and acting in a global arena is crucial. To this end, we are pushing ahead with efforts to develop human resources with diverse skills and talents and create a work environment that allows them to demonstrate their full potential while sharing our corporate philosophy and business strategies.

In Japan, we are enhancing various personnel training programs under our global human resources education framework. The Nisshin Oillio Group gives its young employees the opportunity to grow and cultivate global awareness by working overseas. Our overseas Group companies provide their own personnel development programs matched to their respective countries. They also offer a training program to send their employees to Japan to learn production technologies and health and safety know-how, for later application in their every-day operations.

Special Feature 1 reports how The Nisshin Oillio Group supports its employees' efforts, based on the example of Intercontinental Specialty Fats Sdn. Bhd. (ISF), a Group company engaged in processing of palm oil in Malaysia.

## Employees thriving on various opportunities

### Our overseas Group companies playing a key role in promoting globalization of the entire Group

In 2005, The Nisshin Oillio Group acquired an equity stake in ISF, a Malaysian palm oil processing company primarily engaged in production and sales of specialty fats and oils\*. Addition of Nisshin Oillio's oil and fat processing technologies has enabled ISF to produce a more diverse range of products.

The multiethnicity of the country has allowed ISF to build a unique business base that generates diversity in its workforce and an ability to serve customers worldwide, a foundation that is totally different from ours. We regard ISF and other overseas Group companies as "doors to globalization," and we will accelerate our overseas business expansion by promoting their operations in their respective countries.

### Becoming active beyond national boundaries

**SEIRI** (sort), **SEITON** (set in order), **SEISO** (shine), **SEIKETSU** (standardize) and **SHITSUKE** (sustain)

These words that start with the letter "S" are used in the 5S process, a structured program designed to improve the workplace environment. The 5S process was originally invented in Japan and is now used throughout the world along with these five words. The process has been introduced locally by ISF employees who have received training in Japan. Local employees are also taking an active role in introducing new production and process management technologies and in fostering workforce skills development. Meanwhile, Japanese expatriates working at overseas locations have been developing a global perspective through their experience and demonstrating leadership in their host countries.

#### Voice of an overseas employee

##### Japanese reliability in Malaysia

**Pung Kian Sin**  
Head of Quality Management & Food Safety Department



In 2008, I toured the production facilities of the Yokohama Isogo Plant and the Sakai Plant to learn about occupational safety practices in Japan. This being my first visit to Japanese factories, I was deeply impressed by the level of cleanliness and orderliness as well as the strict workplace atmosphere and strong sense of responsibility and teamwork displayed by on-site employees. This trip taught me the "5S" and I felt very strongly about implementing them at ISF so I proposed this upon my return home. In 2009, the Dengkil Plant commenced the 5S activities and I explained them to employees there passionately until all could fully understand.

Although we were able to implement the 5S at ISF to a level where their expression was simply put into practice, because our country is fundamentally different from Japan where the 5S have been well



infused in your company, we had to employ certain methods and make efforts so that employees could come to comprehend them. After its introduction, employee awareness began to change slowly and the factory's cleanliness was maintained earning the satisfaction and trust of our customers. At present, we have started monitoring the status of activities, conducting complete cleaning sessions of the plant twice a year and separating waste. I want to collaborate with Japan in the future to conduct operations.

#### Voice of a Japanese expatriate

##### Polishing up global awareness through overseas posts

**Eiji Yokoyama**  
Manager Manufacturing



For about five years, I was stationed in China and Malaysia to oversee the construction of plants and manage production. The first thing I found difficult was communicating with the local people. On several occasions, as I was working with contractors, staffers and operators, my inability to convey precisely what I was thinking led to problems. I realized that in order for them to understand what I was imagining, in addition to words, I had to repeatedly use pictures, gestures and other means to convert my thoughts into visual form. Also, the conventional wisdom of Japan cannot necessarily be applied overseas. Time, quality, money and other perceptions are different depending on the country. One must go with the flow of things while recognizing this disparity in value systems. Although I failed continuously, I felt that I was overcoming one challenge after another getting the skills



necessary to predict and prepare for various circumstances in step with the progression of on-site work. When I was finally able to perform smoothly, I felt an overwhelming feeling of achievement.

Now I can objectively see the differences between Japan and other countries. I continue to implement *Kaizen* (improvement) activities by speaking with local, on-site employees and applying methods suitable for those countries. The experience I acquired at my overseas posts translates into confidence, and I very much want to grow along with those employees.

\*Oils and fats that are derived from palm oil and processed to offer distinctive functionality, such as oils and fats for chocolate.

## A workplace environment that emphasizes diversity

### Respect for multiethnic culture

Malaysia, where ISF is located, is a multiethnic nation composed of three major ethnic groups of Malays, Chinese and Indians, and their respective religions and lifestyles fuse together to create a unique culture. This multiethnicity is also reflected in a variety of languages used in the country. Although its official language is Malaysian, Chinese and Tamil are also spoken on a regular basis, with English being the language of first choice in business transactions.

The Nisshin Oillio Group believes that its acquisition of an equity stake in ISF should not alter the way it operates. We must respect the country's background and protect its diversity in terms of culture, religion and customs.

At ISF, the management responsibilities are divided between Japanese and local employees, with the latter also serving in administrative positions in every department. They undertake a major role in every aspect of company operations, from identification of needs to product development and production, as well as matters pertaining to our business strategies.



### Putting in an effort to improve communication

To build a comfortable workplace, we believe it is essential to foster employee solidarity and job satisfaction. As such, we conduct events to encourage communication among employees. In 2010, bowling and sepak takraw events were organized by our sports committee, and we also held an annual dinner for all employees.



Employees participating in the sepak takraw event

## Topics

### Responding to various religions and lifestyles

ISF's employee cafeteria serves a menu that caters to religious needs and dietary preferences of its employees, offering an environment that respects everyone's religious belief. Islam, the most widely professed faith among Malays, forbids to consume certain foods. To meet these religious requirements, the cafeteria offers *Halal* ("permitted" in Islamic law) foods that are treated, processed, transported and stored according to Islamic law. In addition to offering Malay, Chinese and Indian foods in its cafeteria, ISF provides a praying room for Muslims. ISF has thus set up a work environment that meets individual needs and allows all employees to demonstrate their respective strengths.



ISF's employee cafeteria

## A shared awareness of CSR

### The Group's corporate philosophy shared across the world

While respecting diversity, it is important to share our basic corporate philosophy throughout the Group in order to work as a team to accomplish our CSR goals. As such, we have established a behavioral guideline, the Credo of The Nisshin Oillio Group, which the entire Group, including overseas Group companies, should follow. It has been translated into other languages so that overseas

Group companies could share its principles with all their employees at special read-through meetings. ISF developed and implemented Malaysian and English versions of the Credo of The Nisshin Oillio Group in 2008, to help realize the corporate philosophy of Nisshin Oillio and simultaneously provide guidance for its activities pertaining to CSR.

### ISF's voluntary CSR activities

Since ISF put in place its CSR Committee in 2009, it has been working to disseminate the Credo of The Nisshin Oillio Group among its employees and enlighten them on our CSR activities through such means as CSR seminars and CSR publications. As part of its effort to foster active communication with local communities, ISF invited university students from nearby Singapore for a factory tour in 2010. ISF is also working to save energy on a company-wide basis by turning off lights during lunchtime and making other efforts to reduce use of electricity. ISF will continue to place strong emphasis on CSR activities both internally and externally, with its

CSR Committee playing a central role.

In recent years, there has been a noticeable trend among our customers mainly in Europe and the United States, demanding a higher level of CSR management in business operations. To meet this requirement, ISF has become a member of Sedex (Supplier Ethical Data Exchange), an organization operating a database to share data on ethical labour practices in manufacturing sites. With its CSR Committee taking the lead, ISF will continue to promote CSR activities that leverage the essence of ISF, with the ultimate goal of meeting the trust and expectations of our stakeholders.



Malaysian, English and Chinese versions of the Credo of The Nisshin Oillio Group



CSR seminar

## Meeting demands for stringent CSR management from global companies

Customers' demands on suppliers, including us, have extended from conventional quality and delivery time issues to encompass the entire corporate management. This, in short, means that CSR is demanded of us both in terms of our manufacturing operations and our business stance as a supplier. Specifically, we are monitored through operational site inspections, fact-finding meetings and document examinations for whether or not we meet our customers' standards in the areas of legal and regulatory compliance, safety and health, benefits and welfare, employment, wages, employee education, eradication of discrimination as well as environmental preservation. This is a universal requirement, imposed on us no matter where and under which circumstances we operate. The "global management," I believe, is the act of challenging the limits of "local management" to attain the level of CSR management expected of us from our customers across the world.

I feel proud of receiving orders from customers in different countries, including top-tier companies in Europe, together with their stringent requirements for CSR management. ISF will commit itself to satisfying each requirement and grow into a "global company" through its engagement in trading of specialty fats.



**Tutomu Usui**  
Chief Executive Officer  
INTERCONTINENTAL SPECIALTY FATS SDN. BHD. (ISF)



# Processed oils and fats business, a key to the success of Phase II

## The world of processed oils and fats unlocks wondrous new possibilities of edible oil

The following sections provide a brief overview of the processed oils and fats business, a specialty of ISF.

### Processed oils and fats used in daily foods

Simply put, processed oils and fats are the basic ingredients of bread, cakes and other food products. Various processing techniques are used to improve the properties of natural oils and fats, thereby opening up immense possibilities for new applications.

In our processed oils and fats business, we make full use of technologies unique to us to offer high value-added processed oils and fats products tailored to meet diverse needs. These include oils and fats that substitute the cocoa butter used in chocolate making, margarine used in bread and shortening for cakes, all serving to bring "good flavor" to our daily diet.

Oils and fats for chocolate



Chocolate

Margarine



Bread

Shortening



Cookies

Frying oil



Doughnuts

#### Growing needs for oils and fats for chocolate

The world chocolate market has been seeing an increase in demand in recent years not only in Europe and the United States but also in such emerging countries as China, India, South America and Russia.

Cocoa butter, or its substitute, processed vegetable oils and fats ("oils and fats for chocolate") are used to make chocolate. Shea butter and other vegetable oils and fats are used, in turn, to make these oils and fats for chocolate, but their supply is unstable, causing their prices to fluctuate easily.

To ensure stable supply of oils and fats for chocolate, Nisshin OilliO has combined its own proprietary technology and ISF's technology and successfully developed oils and fats for chocolate from palm and sunflower oils.

As chocolate has begun to be used for a wider range of applications, including bread, ice cream and cookies, there has been an increasing demand for highly-functional oils and fats for chocolate having properties unrealizable in conventional products that only use cocoa butter, such as not melting when baked or solidifying quickly at room temperatures. To respond to these varying needs, our Group has been advancing further technological developments and supplying high-quality, high-function oils and fats for chocolate.

(Please refer to the details on oils and fats for chocolate provided in the Special Feature page of our CSR Report 2010.)

#### Fortifying our processed oils and fats business

During Phase I (from fiscal 2007 to 2010) of *GROWTH 10*, we have worked to build the foundation for the Group's processed oils and fats business by strengthening product development, refining manufacturing technologies and acquiring new sales channels. In doing so, we boosted production facilities at ISF, acquired equity stakes in Daito Cacao Co., Ltd. and T&C Manufacturing Co., Pte. Ltd., and formed business tie-ups with Yamazaki Baking Co., Ltd. and Miyoshi Oil & Fat Co., Ltd.

In Phase II, which starts in fiscal 2011, we will broaden our palm oil business that includes the oils and fats for chocolate business, as well as our confectionery, bread and food processing ingredients businesses, with the aim of developing our processed oils and fats business into another major source of revenue matching in scale to our oils and meal business.



Special  
Feature  
2

# What we can do to end hunger in the world

— as a food company —



## The Japan Association for the World Food Programme

As a business that benefits from the blessings of food, our Group engages in various social contribution activities with strong emphasis on food. As millions of people worldwide still suffer from hunger and poverty, we believe it is our Group's social responsibility to organize aid activities with the objective of helping people realize a healthy and abundant life. To achieve this goal, we support the activities of

the World Food Programme (WFP), a United Nations food aid branch whose mission is to eradicate hunger and poverty. Since 2005, we have continuously been supporting the Japan Association for the World Food Programme, an official WFP supporting organization in Japan, as a member of its Council, and the number of employees participating in this endeavor has also been growing every year.

## What is the WFP?

Currently, one out of every seven people on the planet, or over 925 million people, suffers from chronic hunger. The WFP is the United Nations frontline agency in the fight against global hunger. Its activities include emergency food assistance in conflict and disaster-affected areas and school meal programs to ensure the healthy development of children and increase school enrollment. In 2009, the WFP provided food assistance to 101.8 million people in 75 countries. WFP relies entirely on voluntary contributions for its funding. Its principal donors are governments, but WFP also receives donations from the private sector and individuals.



©WFP/David Orr



Left: Participants in "Walk the World"  
Right: Children receiving food assistance from the WFP's school meal program  
©WFP/Mario Di Bari

Activity

1

## Towards resolving the issue of hunger "End Hunger: Walk the World"

"By walking together with a huge number of participants, I got the feeling that every single person's small contribution can be pooled together to create a massive force. I can collaborate in my own way towards resolving the problem of hunger in the world." These words were spoken by one of our employees participating in the Walk.

On June 6, 2010, about 3,700 participants, including 91 from our Group employees, their friends and family members gathered under the crisp, blue sky of the beginning of summer to participate in the 6th annual "Walk the World" charity event. They strolled together along the beautiful Yokohama bay area in Yamashita Park and Minato-nomieru Oka Park. Everyone participated in the charity in their own way. There were families chatting cheerfully while walking at their own pace, others completing the course quickly even in that hot climate and getting cheers from onlookers at the finish line.

"Walk the World" is a global charity event held on a global scale whose participants, numbering over 300,000, come together on the same day and at the same time in over 70 countries with the goal of

ending hunger among children. Our Group has been supporting this event since 2007 and the number of participants has been increasing year after year. We will continue to lend a hand in the future with the cooperation of many of our employees.





Ms. Ishikawa of the Japan Association for the WFP speaking about hunger in a lecture session



The WFP Panel Exhibit at the Yokohama Isogo Plant



Employees ardently lending their ears to the lecture

## Providing opportunities for participating in social contribution activities

The Group promotes social contribution activities that combine company-level initiatives and employee-level voluntary actions. We energetically conduct in-house promotion campaigns to gain understanding for WFP activities, hoping that our support for the organization will create opportunities for employees to participate in social contribution activities.

In April 2010, we invited a lecturer from the Japan Association for the WFP and held a lecture session and panel exhibit on the theme of hunger at our Yokohama Isogo Plant, which is located near the venue of the “Walk the World” event. The lecturer described WFP’s school meal program, and when she said that these children really enjoy school meals served in WFP special red cups, the audience watched in silence the expressions on children’s faces

shown on the screen. One astonished employee commented “edible oil is also used in the WFP school meal program!” The panel exhibit put up at the same time as the lecture session showed WFP activities in an easy-to-understand manner using maps and photographs. Many employees stopped in front of the panels to take a good look at the images of food airdrop operations and global statistics on hunger.

Opportunities such as these have served to increase awareness for the WFP and its activities. As a result, some 40% more employees participated in “Walk the World” in 2010 than the year before. Year by year, more and more employees look forward to taking part in this charity event to make small but steady social contributions.

### From a participant

I participated in this event, because I was attracted to its concept: People all over the world walking in unison for the single purpose of “saving the children from hunger.” My steps are small, but I start from where I can to commit myself towards making the dream of feeding all those hungry mouths a reality.



**Kaori Nakajima**  
Overseas Business Department  
The Nisshin Oillio Group, Ltd.

### From the WFP

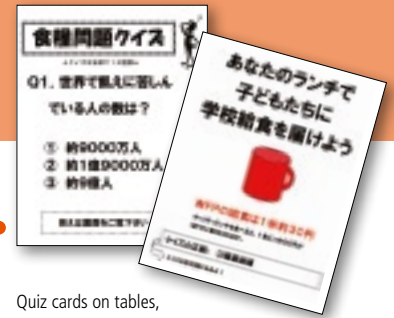
We deeply appreciate the support given by The Nisshin Oillio Group, Ltd. to the WFP, including your employees’ involvement in volunteer activities and PR campaigns conducted both internally and externally. We sincerely hope you will continue to provide support to our activities well into the future through your company’s unique efforts under the themes of food and health.



**Risako Ishikawa**  
The Japan Association for the United Nations World Food Programme (Nonprofit Organization)



Employees enjoying charity lunch



Quiz cards on tables, asking questions on food issues



A charity lunch menu (Tunisian-style tomato and bean stew and brik)



Activity  
**2**

## Getting to know more about global hunger: "Charity Lunch" to contribute to society from our cafeteria

A faintly spicy Tunisian-style tomato stew fusing Arab and Southern European culinary cultures, and a Mozambican-style spinach and chicken coconut curry made by using coconut milk and the water contained in vegetables were served at a company cafeteria. The cafeteria took on a never-seen-before atmosphere as curious employees queued up to buy these "unusual" African-style dishes. A display stand showing a quiz on food issues was placed on each table. The quiz and details accompanying each answer created a buzz and lively conversations among employees. This was a scene in a five-day "Charity Lunch" event held between October 18 and 22, 2010 in our Head Office cafeteria. The event coincided with the UN's World Food Day, the aim of which is to raise public awareness of world food problems.

From every "Charity Lunch" served at a price of 480 yen, 30 yen, the cost of one school meal for a starving child, was donated to the Japan Association for WFP. Under the concepts of "Join and Get Healthy!" and "Feel Africa!," African and healthy foods were sold in the cafeteria, filling it with exotic aroma. Employees willingly participated in this charity event with smiles on their faces.

Employee contributions and Nisshin Oillio's matching contribution together resulted in about 300 school meals for children.

We will continue to conduct this type of activity, with an eye to drawing employees' attention to food issues and broadening the circle of supporters through participation in easy social contribution activities.

### From the cafeteria

In our contracted corporate cafeteria operations, we regularly conduct activities in various companies to combat world hunger, including "TABLE FOR TWO" and "Ecocap Movement" to collect used plastic bottle caps. For this year's "Charity Lunch," we made efforts to develop a menu of healthy African foods matched to Japanese taste through trial and error, so that we could meet the request from the organizer of the event. This experience was very educational and gave us all a renewed understanding in global hunger. We thank you for giving us a chance to participate in your charity event.

**Nobuko Harada**  
 Manager of Group No. 6  
 Sales Section No. 2  
 Sales Division  
 JAPAN WELLNESS CO., LTD.





# For the environment

We use our future-oriented technologies to harness “The Natural Power of Plants” and offer products and services that are environmentally sound throughout their lifecycle, from procurement of raw and other materials to production, delivery, use and disposal, with the ultimate goal of building a recycling-oriented society.

## Environmental targets and evaluation

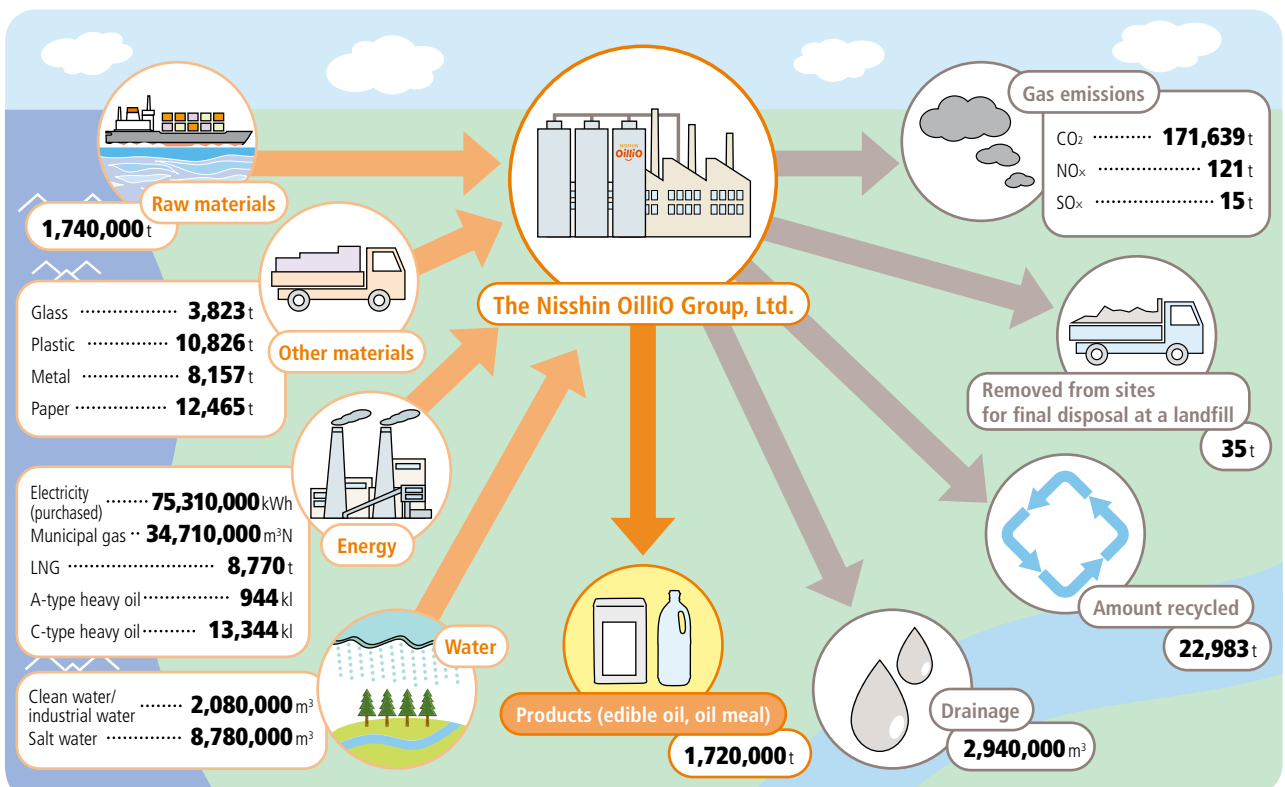
Evaluated as: ○ Making steady progress △ Unattained and in need of improvement

Department in charge	Theme	Medium- to long-term environmental targets	FY2010 results	Evaluation of results	New medium-term environmental targets
Production	Low-carbon society	- Regarding energy used in production processes, improve the CO <sub>2</sub> emissions per basic unit to 88% by FY2010 (compared to FY1990)	- CO <sub>2</sub> emissions per basic unit: 97.0% (compared to FY1990)	△	- Cut CO <sub>2</sub> emissions per basic unit from energy used in production processes by 16% in FY2012 from FY1990 level
		- Regarding energy used in production processes, improve the total CO <sub>2</sub> emissions to 92% by FY2010 (compared to FY1990)	- Total CO <sub>2</sub> emissions: 84.8% (compared to FY1990)	○	- Cut total CO <sub>2</sub> emissions from energy used in production processes by 8% in FY2012 from FY1990 level
	Recycling-based society	- Achieve zero-waste emission from production processes by FY2010	- Waste recycling rate: 99.8%	○	- Maintain zero-waste emission from production processes
Development	packages	- Reduce quantity and volume of packages used for household and commercial use products	- Weight of packages: Up 2.7% (compared to FY2009)	△	- Reduce the amount of plastic per 1 kg of edible oil, used to make our main plastic packages (compared to FY2009)
	Research and technology	- Effective utilization of byproducts and development of petroleum oil substitutes	- Efforts relating to development of the Ecolio business	△	- Replacement of fossil resources - Effective utilization of untapped natural resources - Reduction of waste

## Efforts toward biodiversity

- Intercontinental Specialty Fats Sdn. Bhd. (ISF), Nisshin Oillio's Malaysian subsidiary, joined the Roundtable on Sustainable Palm Oil (RSPO) when it was established in 2004. RSPO is an unbiased, non-profit international organization created by various stakeholders in the palm oil industry, including producers, processors, retailers, banks and investors as well as NGOs, for the purpose of sustainable palm oil growth and utilization by harmonizing the environment and society.
- Nisshin Oillio supports volunteer activities by employees for environmental preservation in the vicinity of our offices and factories.

## Flow of resources and energy (FY2010)



Scope: Production processes at four sites (Yokohama Isogo Plant, Nagoya Plant, Sakai Plant, Mizushima Plant)

# Third-party opinion

Adam Smith, the father of economics, said that bakers don't make bread for other people, they do it to support themselves. This concept was based on his belief that even if people acted purely for their own interests, market functions would produce results that would benefit the entire society.

Theoretically, he's right. In reality, however, things do not always work that way. The market is globalized, and there are now tremendous distances between producers and consumers. A process of turning raw materials into finished products has become increasingly complex, and the level of roundabout production has further increased.

There are also other ways in which our times differ significantly from Smith's. The number of businesses run by large operations has increased exponentially, overshadowing small farms and sole proprietorships. Social responsibilities of companies, now encompassing the purchasing of raw materials and fuel, hiring of a labor force, marketing of products and disposal of wastes generated by those processes, have broadened substantially to the point that a comparison cannot even be made with conditions two centuries ago, when Smith wrote his theories.

The Nisshin Oillio Group has over 2,700 employees, which is about the same size as the 101st largest village in Japan out of 184 villages, surpassing Ogasawara village in Tokyo. A company, in that sense, is quite a full-fledged society. From this perspective, it is a good news that they successfully acquired the Ministry of Health, Labour and Welfare's Next-Generation Accreditation Mark, for their support for a healthy work-life balance and the nurturing of the next generation. Unless a company takes good care of its employees and makes them happy, the end-users of its products won't be happy.

Another point that is worth noting out is their signing of the United Nations Global Compact, in addition to their support for the Japan Association for the World Food Programme and its overseas subsidiary's activities as a member in the Roundtable on Sustainable Palm Oil. I expect the company will fulfill an ever-increasing role as a global company not only with respect to the environment but also in the development of societies in industrializing countries.

On a more serious note, those who purchase Nisshin Oillio's products and shareholders and investors who provide funds to the company must recognize that they have assumed a series of responsibilities when they chose to support the company. I would like to encourage all of you reading this report to propose ways to improve Nisshin Oillio from your respective standpoints.

The current term has started in the aftermath of the Great East Japan Earthquake, when we were still struggling to recover from its damage. From now on, companies will be required to plan for a disaster of this magnitude, defining in advance how they will respond to and recover from it. In the company's TV commercial series, a fresh face, Kazunari Ninomiya, has joined the existing cast of Shigeru Joshima and Tatsuya Yamaguchi. The company even has new president, who was formerly a director in charge of CSR. I hope that Nisshin Oillio will work to improve quality of their products for Japanese consumers, as a company capable of changing society, and make greater contributions to developing countries, which are both suppliers of raw materials and markets of strong growth potential, as a company serving in the public interest.

## Hiroshi Kito

Professor, Faculty of Economics; Professor, Graduate School of Global Environmental Studies;  
Director, Institute for Studies of the Global Environment; Chief, Research Institutes Division, Sophia University  
Areas of specialization: Economic history, historical demography, environmental history

Public Positions: Vice-Chairman of the Council for the Promotion of Measures to Support the Development  
of the Next Generation, Kanagawa Pref., Ad Hoc Member of the Social Security Council,  
Member of the Population Task Force

Publications: "History of Japan from a Demographic Perspective"; Kodansha *Gakujutsubunko*  
"The Edo System as a Civilization"; Kodansha *Gakujutsubunko*  
"Edo: Environmentally Advanced Country"; PHP Institute  
"Year 2100: Japan Losing Two-thirds of its Population"; Media Factory



## From The Nisshin Oillio Group (in response to Professor Kito's opinion)

The Nisshin Oillio Group has grown hand in hand with rapid development of the society and economy of Japan for 104 years since its founding in 1907. As Professor Kito stated, the roles and responsibilities of Nisshin Oillio have transformed significantly over the years. We must now step up our CSR efforts to become a company that continues to meet the expectations of society. We have been seeking ways that best suit us to fulfill our responsibilities. We will continue to do so, while listening carefully to the voices of our stakeholders.

This year, with the start of Phase II of our medium-term management plan *GROWTH 10*, we will challenge ourselves to implement original and innovative CSR initiatives. We will make all-out efforts to become a "company capable of changing society," as expected by Professor Kito and our stakeholders. We would appreciate your continued support and guidance.

CSR Department  
The Nisshin Oillio Group, Ltd.



Our Annual Reports are available on the Website.

The Nisshin Oillio Group Website (English version)  
<http://www.nisshin-oillio.com/english/company/index.shtml>

## Editorial Policy

### About Our Report

The Nisshin Oillio Group discloses its CSR-related information through its annual CSR Report, on its website and in various other formats. This report is CSR Report 2011 **Highlight Edition** a digest version summarizing the points we would like to convey to our stakeholders and outlining new activities for fiscal 2010. Please visit our website to view **CSR Report 2011 Full Edition**, which contains descriptions of other activities and relevant information.

**The Nisshin Oillio Group Website** [Link to CSR Report](#)

<http://www.nisshin-oillio.com/english/csr/index.shtml>

### Period Covered

From April 1, 2010 to March 31, 2011

This report also contains information about activities conducted before or after this period.

### Scope of Reporting

This report covers the activities of the entire Group, including The Nisshin Oillio Group, Ltd. and its consolidated domestic and overseas subsidiaries. As for the environmental performance data and some activities, this report only covers The Nisshin Oillio Group, Ltd.

(All references to "The Nisshin Oillio Group," "Nisshin Oillio," "the company" and "we" within this report refer to The Nisshin Oillio Group, Ltd., while the entire Group including The Nisshin Oillio Group, Ltd. and its domestic and overseas consolidated subsidiaries is referred to as "the Group" or "our Group.")

## The Nisshin Oillio Group, Ltd.

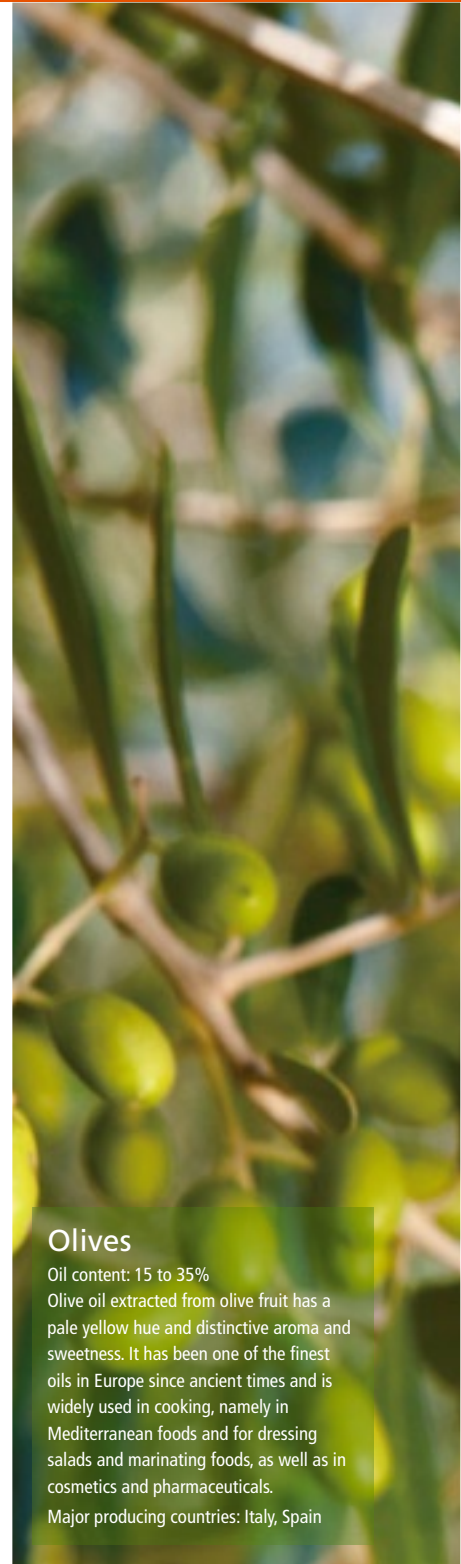
1-23-1, Shinkawa, Chuo-ku, Tokyo 104-8285, Japan

Inquiries: CSR Department

+81 (3) 3206 5026



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### Olives

Oil content: 15 to 35%

Olive oil extracted from olive fruit has a pale yellow hue and distinctive aroma and sweetness. It has been one of the finest oils in Europe since ancient times and is widely used in cooking, namely in Mediterranean foods and for dressing salads and marinating foods, as well as in cosmetics and pharmaceuticals.

Major producing countries: Italy, Spain