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(Securities Code: 2002)

June 6, 2017

## To Those Shareholders with Voting Rights

Nobuki Kemmoku  
Director and President  
Nisshin Seifun Group Inc.  
25, Kanda-Nishiki-cho 1-chome,  
Chiyoda-ku, Tokyo JAPAN

### CONVOCATION NOTICE OF THE 173<sup>rd</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 173<sup>rd</sup> Ordinary General Meeting of Shareholders of Nisshin Seifun Group Inc. (the “Company”). The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by one of the following methods. Please review the “Reference Documents for the General Meeting of Shareholders,” and exercise your voting rights by 7:00 p.m. (JST), Tuesday, June 27, 2017.

#### [Voting in Writing (by Postal Mail)]

Please indicate your vote for or against each of the proposals on the enclosed Voting Rights Exercise Form, and return the form by no later than the aforementioned deadline for the exercise of voting rights.

#### [Voting Electronically (via the Internet)]

Please refer to the enclosed “Exercising your Voting Rights via the Internet,” and vote for or against each of the proposals at the voting rights exercise website (<http://www.web54.net>) by no later than the aforementioned deadline for the exercise of voting rights.

- 1. Date and Time:** Wednesday, June 28, 2017 at 10:00 a.m. (Reception from 8:30 a.m.)
- 2. Place:** Tokyo Marriott Hotel, B1 The GOTENYAMA Ballroom  
4-7-36, Kitashinagawa, Shinagawa-ku, Tokyo
- 3. Agenda of the Meeting:**
- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the 173<sup>rd</sup> fiscal term (from April 1, 2016 to March 31, 2017) and results of audits on the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board
  2. Non-consolidated Financial Statements for the 173<sup>rd</sup> fiscal term (from April 1, 2016 to March 31, 2017)
- Proposals to be resolved:**
- Proposal No. 1:** Dividends from Surplus
- Proposal No. 2:** Election of Fifteen (15) Directors
- Proposal No. 3:** Election of One (1) Audit & Supervisory Board Member
- Proposal No. 4:** Election of Independent Auditor
- Proposal No. 5:** Revision of the Annual Aggregate Limit of Remuneration for Directors
- Proposal No. 6:** Decision on Amount and Details of Stock-Based Remuneration for Directors

#### 4. Matters concerning the Exercise of Voting Rights

Handling of multiple voting

- (1) If you exercise your voting rights via the Internet more than once, your final vote shall be deemed valid.
- (2) If you exercise your voting rights by two different methods, that is, via the Internet as well as by mailing the Voting Rights Exercise Form, the vote via the Internet shall be deemed valid.

## **5. Other Matters concerning this Convocation Notice**

Of the documents to be provided with this Convocation Notice, the Consolidated Statement of Changes in Net Assets, the Notes to the Consolidated Financial Statements, the Non-consolidated Statement of Changes in Net Assets, and the Notes to the Non-consolidated Financial Statements are provided at the Company's website (<http://www.nisshin.com/english/shareholders/meeting>) in accordance with laws and regulations and Article 15 of the Company's Articles of Incorporation, and they are therefore not attached herewith. The Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Independent Auditor and the Audit & Supervisory Board Members consist of the Consolidated Statement of Changes in Net Assets, the Notes to the Consolidated Financial Statements, the Non-consolidated Statement of Changes in Net Assets, and the Notes to the Non-consolidated Financial Statements on the Company's aforementioned website, as well as the documents included with this Convocation Notice.

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- If you are attending the meeting in person, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting. To conserve paper resources, please bring this Convocation Notice with you.
  - If a proxy is attending the meeting on your behalf, the proxy shall present written proof of his/her power of representation and the Voting Rights Exercise Form at the reception desk on arrival at the meeting. You may appoint only one proxy, who shall be a shareholder of the Company with voting rights.
  - Modifications, if any, to the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements and the Reference Documents for the General Meeting of Shareholders will be posted on the Company's website (<http://www.nisshin.com/ir/stock/meeting>).

## **Business Report**

(From April 1, 2016 to March 31, 2017)

### **1. Overview of the Corporate Group**

#### **(1) Business Progress and Results**

##### [1] Business Environment and Performance of the Group

During the fiscal year ended March 31, 2017, the Japanese economy continued to show signs of a modest recovery, as well as improved business confidence in the corporate sector. Consumption, however, continued to lack in strength, the result primarily of persistent belt-tightening behavior among consumers. Meanwhile, global economic uncertainty continued to mount, particularly in light of the outcome of the United States presidential election and subsequent actions by the new administration, and evolving steps by the United Kingdom to exit from the EU.

Under these conditions, the Group launched initiatives under a new medium-term management plan, dubbed “NNI-120 II,” scheduled to conclude in the fiscal year ending March 31, 2021. Together with an emphasis on restructuring the earnings foundation in core businesses, the Group is aiming for solid profit growth through self-sustained business growth, including that of acquired businesses, and new strategic investments, while taking a more proactive stance to shareholder returns.

The Group took steps to aggressively launch and expand sales of new products in each business in a bid to energize markets, and continued efforts to ensure cost competitiveness and strengthen its business structure both domestically and abroad. In the flour milling business, these efforts focused on consolidating production at large-scale plants located near ports, and in the processed food business on building an optimal production framework globally. Elsewhere, the Group pursued initiatives to boost brand value, primarily through sports sponsorship, and conducted proactive advertising and promotional activities. In September 2016, in a move to optimize the business portfolio, the Group transferred all of its shares of Daisen Ham Co., Ltd. (a consolidated subsidiary).

With respect to operating results, consolidated net sales for the fiscal year ended March 31, 2017, despite the inclusion of net sales from a newly consolidated prepared dishes and other prepared foods subsidiary acquired in January 2016, decreased 4.4% year on year to ¥532,040 million, mainly reflecting lower product prices due to falling raw wheat prices and the effects of foreign currency exchange rates for overseas businesses against a strengthening yen. In terms of profits, due to measures to improve profitability, including cost reduction efforts, and consolidated results from the new subsidiary, operating profit was ¥25,511 million, up 7.3% year on year. Ordinary profit increased by 7.9% to ¥30,329 million, and profit attributable to owners of parent rose by 10.8% to ¥19,466 million. Both ordinary profit and profit attributable to owners of parent reached record-high levels.

With respect to dividends, one of the basic policies of the new medium-term management plan is to maintain a payout ratio of at least 40% on a consolidated basis. Consequently, the Company plans to pay a full-year dividend of ¥26 per share, up ¥2 from the previous fiscal year, in line with initial projections.

##### [2] Review of Operations of the Group

In the domestic market, the Nisshin Seifun Group strove to strengthen sales promotion activities and enhance productivity in all of its business fields, as well as continuously implementing cost reductions and ensuring appropriate profits commensurate with purchasing costs. The Group aggressively implemented measures to expand its business foundations in overseas markets as well.

In new product development, the Nisshin Seifun Group continued to develop high-value-added products that are novel and unique, while also focusing on new market development.

Moreover, in order to deliver high-quality, safe and reliable products, the Nisshin Seifun Group strove for further improvement and enhancement of its quality control systems.

The following is a review of operations by business segment of the Nisshin Seifun Group.

#### **Flour Milling Segment**

In the flour milling business, amid an adverse market environment marked mainly by ongoing belt-tightening behavior among consumers, the Company continued to promote aggressive sales expansion measures to attract new customers, with shipments of commercial wheat flour in Japan holding largely flat against the previous year. Also in July 2016 and January 2017, the Company revised its commercial wheat flour prices in response to the government’s decision to change the prices of five classes of imported wheat. On average, the Government’s price for imported wheat declined 7.1% in April 2016, and by 7.9% in October 2016.

From the perspectives of production and distribution, we advanced measures to enhance productivity, notably by consolidating production at large-scale plants located near ports in Japan, and carried out measures to reduce

fixed and other costs. We also completed construction to increase holding capacity by roughly 25% at a raw wheat silo at the Tsurumi Plant in June 2016, and strengthened our structure for securing, storing and stably supplying raw wheat greater than ever before in response to demand. Also, we actively promoted food safety by such measures as becoming the first Japanese food company to obtain the new JFS-E-C\* certification for food management systems for the Tsurumi Plant in September 2016, followed by the Chita Plant in December 2016.

The price of bran, a byproduct of the milling process, was weaker throughout the period.

In the overseas business, sales were lower year on year, despite increased shipments overall thanks to aggressive sales expansion, mainly reflecting lower product prices due to falling raw wheat prices and the effects of foreign currency exchange rates against a strengthening yen. Furthermore, construction is moving forward to boost by approximately 80% the production capacity of Canadian subsidiary Rogers Foods Ltd.'s Chilliwack Plant, scheduled to begin enhanced operations in autumn 2017. Construction is also underway to boost by approximately 70% the production capacity of the U.S. subsidiary Miller Milling Company, LLC's Saginaw Plant, which is expected to begin enhanced operations in early 2019.

As a result, net sales of the Flour Milling Segment decreased 11.0% year on year to ¥233,618 million. Operating profit, meanwhile, increased 6.3% to ¥9,823 million.

\*JFS-E-C

This is a new standard, related to food safety management systems developed in Japan, published in July 2016 by the Japan Food Safety Management Association (JFSM).

### **Processed Food Segment**

In the processed food business, for household-use products, in addition to expanding the lineup of our strong-selling bottle-type products designed to address needs arising from an increase in eating alone and demand for meals that are easy to prepare, we conducted sales promotion measures—notably TV commercials and co-sponsored events—among other proactive initiatives designed to stimulate consumption. In commercial-use products, we launched new products tailored to customer needs and aggressively carried out proposal activities geared toward garnering new customers. Also, in response to lower prices for commercial wheat flour due to the government's decision to revise the prices of imported wheat, the Company in August 2016 and February 2017 revised prices for its household-use wheat flour and commercial prepared mix products. In the prepared dishes and other prepared foods business, we have developed and are steadily expanding a comprehensive prepared dishes and other prepared foods business that can provide wide-ranging categories of products. As a result, sales in the processed food business were higher overall compared to the previous fiscal year despite effects from the exclusion of Daisen Ham Co., Ltd. from the scope of consolidation. This outcome reflected the impact of brisk growth in shipments of pastas, prepared dishes and other prepared foods, as well as benefits from the consolidation of Joyous Foods Co., Ltd. in January 2016.

In the overseas business, sales were lower as the effects of foreign currency exchange rates against a strengthening yen outpaced year-on-year growth in shipments. Elsewhere, operations are running smoothly at a production plant for pasta sauces and other cooked and processed foods in Vietnam and a pasta plant in Turkey. Both sites were built as part of efforts to develop a globally optimized, cost-competitive production framework.

In the yeast and biotechnology business, sales were lower than the previous year, as we narrowed the product range in a bid to boost profitability.

In the healthcare foods business, sales were lower year on year, reflecting sluggish shipments of raw materials for pharmaceuticals, as well as lower sales prices, despite brisk sales of consumer products driven by promotion of marketing measures.

As a result, net sales of the Processed Food Segment increased 3.3% from the previous fiscal year to ¥254,944 million. Operating profit increased 8.0% to ¥12,426 million.

### **Others Segment**

In the pet food business, shipments mainly of JP Style brand and other premium pet food were brisk chiefly due to sales promotion measures including the aggressive launch of new products and TV commercials and campaigns, resulting in higher sales compared to the previous fiscal year.

In the engineering business, sales decreased year on year, mainly due to struggling growth in orders for projects in the mainstay plant engineering business.

In the mesh cloths business, sales were down from last year, reflecting sluggishness for screen-printing materials.

As a result, net sales of the Others Segment decreased 8.5% year on year to ¥43,478 million, and operating profit decreased 6.2% to ¥2,956 million.

## **(2) Issues to be Addressed**

The business environment surrounding Japan's food industry is changing drastically, including fluctuating

exchange rates and prices of cereal and natural resources against a backdrop of volatile world affairs, market contraction as the country's population declines, and growing concern over labor shortage. In addition, the future of the Trans-Pacific Partnership (TPP), for which a negotiated agreement was largely reached in October 2015, remains uncertain due to the announcement made by the U.S. of its plan to withdraw from such partnership. However, global competition is anticipated to accelerate depending on the outcome of international trade negotiations such as Economic Partnership Agreements (EPA).

Under these circumstances, the Nisshin Seifun Group will continue to fulfill its mission of securing stable supplies of safe and reliable wheat flour and other staple foods, and delivering safe and reliable products in each business. At the same time, we will move quickly to implement the strategies contained in our new medium-term management plan to pursue business growth by further utilizing our comprehensive group-wide capabilities by strengthening cooperation among our operating companies in Japan as well as overseas.

#### [1] Domestic Business Strategies

Regarding the flour milling business, we will develop products that accurately capture customer needs and promote value-added services that offer total solutions to customers, further strengthening customer relationships. Continuing on from the consolidation of production bases to large-scale plants located near ports as part of measures to strengthen cost competitiveness, construction to increase raw wheat silo capacity by approximately 25% at the Tsurumi Plant was completed in June 2016. In such ways, we continue our efforts to stably supply safe and reliable products.

In the processed food business, we will pursue measures to boost brand loyalty by launching new products to address needs arising from an increase in eating alone and demand for meals that are easy to prepare, coupled with aggressive sales promotion efforts. At the same time, we will undertake the task of optimizing our business portfolio through efforts toward greater expansion in the growth fields of the prepared dishes and other prepared foods business and the frozen food product business.

In the yeast, biotechnology, healthcare foods, pet food, engineering and mesh cloths businesses, our plan is to seek growth by product and technology developments that will culminate in groups of businesses with real presence in their respective industries.

#### [2] Overseas Business Strategies

In the flour milling business, we are committed to achieving independent growth in local markets via sales expansion measures that leverage the Group's strengths in flour milling technology and proposal capabilities. Furthermore, construction is moving forward to boost by approximately 80% the production capacity of Canadian subsidiary Rogers Foods Ltd.'s Chilliwack Plant, scheduled to begin enhanced operations in autumn 2017. Construction is also underway to boost by approximately 70% the production capacity of the U.S. subsidiary Miller Milling Company, LLC's Saginaw Plant, which is expected to begin enhanced operations in early 2019. We are moving to expand our business foundations across North America by strengthening our supply systems. We will also focus on further expansion of the business foundations developed to date in businesses in New Zealand and Thailand.

In the processed food business, we envisage further expansion of the commercial prepared mix business given projected growth in the Asian market. In terms of production, along with bolstering cost competitiveness, by utilizing our newly developed global optimal production system as a base, we are leveraging production technology and expertise in high-level quality control cultivated by the Group over many years to pursue additional business expansion in pasta, pasta sauces and frozen foods.

Moreover, in the flour milling, processed food, and bakery-related businesses in particular, we will move with speed to promote business expansion in new domains, either through the Company's own proprietary efforts or through M&A and alliance opportunities.

#### [3] R&D Strategies and Cost Strategies

The Group takes on the perspective of its customers in the development of new products, and is engaged in the creation of basic and core technologies in new domains. High value-added products from a customer perspective that are novel and unique will be developed continuously. In research, we will clarify our priority research domains in order to promote the commercialization and practical application of research results. At the same time, we will establish research themes closely aligned with business strategies to increase efficiency and speed. We will examine and promote enhanced efficiency through practical use of automation technology to address issues caused by labor shortage.

Regarding raw material and energy markets, for which significant fluctuations are expected to continue, the Nisshin Seifun Group will work to reduce production and procurement costs and build an operational foundation that properly reflects changing costs.

#### [4] Measures Addressing Systemic Changes in Wheat Policy, and Others

The future of the TPP, for which a negotiated agreement was largely reached in October 2015, remains uncertain due to the announcement made by the U.S. of its plan to withdraw from such partnership. On the other hand, the trend for negotiating free trade agreements remains active, such as Japan-EU EPA and Regional Comprehensive Economic Partnership (RCEP), as well as the U.S. seeking to negotiate a Japan-U.S. bilateral trade framework. Under the circumstances, in the event that the international trade negotiations progress rapidly, changes in demand for wheat and related products, as a result of the degraded border import control mechanisms, are expected to have a profound impact on related industries. The Group will take appropriate steps to stay abreast of changes as they emerge, while continuing to develop a robust corporate structure domestically and abroad that will enable it to win out against global competition.

#### [5] Corporate Social Responsibility (CSR)

The Nisshin Seifun Group has fulfilled its corporate social responsibilities (CSR) as a corporate citizen in all its business activities and retains its status as a corporate entity that plays an increasingly essential role in society. To this end, the Group established a Social Committee to put its “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines” into practice and to promote initiatives to facilitate the implementation.

The Group has positioned promoting CSR activities such as enhancing compliance, establishing quality assurance systems, conducting environmental conservation, and implementing internal control systems to the fullest extent, as one of its top management priorities and is taking thoroughgoing steps to ensure a Group-wide commitment.

With respect to compliance, the Group complies with relevant laws and regulations, social norm and corporate internal rules and regulations, and strives to develop and expand its businesses while being engaged in fair and open competition.

Regarding quality assurance (QA), to ensure the delivery to customers of safe and reliable products, we are strengthening our hand in the areas of food safety and food defense. The CR (Consumer Relations) Office, which is charged with the responsibilities of identifying consumer mindsets and social trends while providing timely and appropriate direction as to what actions need to be taken, will actively collect relevant consumer administrative information as well as consumer opinion and their needs. In this manner, every effort is made to enhance Group customer relations. Furthermore, to secure the stable supply of safe and reliable wheat flour and other staple foods, we have enhanced our disaster preparations through our business continuity planning (BCP).

Regarding environmental conservation, we have always taken the initiative in working to reduce the environmental burden through energy saving, reduction of waste and responding to power-related issues.

For internal control, the Group is doing more than what is required by the Financial Instruments and Exchange Act through extensive maintenance of its internal control systems group-wide. These systems are monitored by a dedicated department to maintain their integrity and seek further improvements.

Furthermore, the Group, as a member of society, is widely involved in activities contributing to society. We are engaged in supporting reconstruction of the earthquake-affected areas, and making regional contributions through the Nisshin Seifun (Flour Milling) Museum as a regional tourism resource and an educational asset.

In such ways, the Nisshin Seifun Group will continue to fulfill its corporate social responsibilities.

The Nisshin Seifun Group will steadily tackle the above challenges and ensure the further development of the Group. Our shareholders' continued support is greatly appreciated.

**(3) Consolidated Business Results and Summary of Assets**

(Millions of yen unless otherwise noted)

Fiscal term Fiscal Years ended March 31	170 <sup>th</sup> FY2014	171 <sup>st</sup> FY2015	172 <sup>nd</sup> FY2016	173 <sup>rd</sup> FY2017 (Current)
Net sales	495,930	526,144	556,701	532,040
Ordinary profit	25,579	25,544	28,099	30,329
Profit attributable to owners of parent	15,098	16,036	17,561	19,466
Profit per share (¥)	50.21	53.28	58.25	64.50
Total assets	471,039	549,307	550,305	557,568
Net assets	334,092	378,715	386,485	406,805

Note: The Company conducted a 1.1-for-1 stock split of shares of common stock as of October 1, 2013. In addition, the Company conducted a 1.1-for-1 stock split of shares of common stock as of October 1, 2014. Therefore, profit per share was calculated on the assumption that said stock split was conducted at the beginning of the 170<sup>th</sup> fiscal term.

**(4) Capital Expenditures**

The capital expenditures for the fiscal year ended March 31, 2017 decreased ¥1,985 million from the previous fiscal year to ¥13,549 million, based on actual expenditures.

The principal capital expenditures were put into the expansion of production capacity including the construction work on the addition of a flour production line at the Chilliwack Plant of Rogers Foods Ltd., and the construction work on the addition of a raw wheat silo at the Tsurumi Plant of Nisshin Flour Milling Inc., etc.

**(5) Financing**

The Company did not raise additional funds in terms of capital increases or bond issues during the fiscal year ended March 31, 2017.

**(6) Major Subsidiaries and Acquisition****[1] Major Subsidiaries and Affiliates**

Company Name	Capital Stock	Share of Voting Rights	Main Businesses
(Subsidiaries)	¥ million	%	
Nisshin Flour Milling Inc.	14,875	100.0	Production and sales of wheat flour
Miller Milling Company, LLC	86	100.0	Production and sales of wheat flour
Champion Flour Milling Ltd.	3,491	100.0	Production and sales of wheat flour
Nisshin Foods Inc.	5,000	100.0	Sales of pasta, wheat flour for household use, frozen foods, and other products; production and sales of prepared mix products
Nisshin Seifun Premix Inc.	400	100.0	Production and sales of prepared mix products
Ma•Ma-Macaroni Co., Ltd.	350	68.2	Production and sales of pasta and frozen foods
Initio Foods Inc.	487	100.0	Production and sales of prepared dishes and frozen foods; direct operation of concessions in stores including department stores
Joyous Foods Co., Ltd.	50	65.1	Production and sales of cooked noodle, and other products
Oriental Yeast Co., Ltd.	2,617	100.0	Production and sales of cake and bread ingredients and biochemical products; life science business
Nisshin Pharma Inc.	2,689	100.0	Production and sales of healthcare foods and pharmaceuticals
Nisshin Petfood Inc.	1,315	100.0	Production and sales of pet foods
Nisshin Engineering Inc.	107	100.0	Design, contracted construction and supervision of food production facilities; sales of machinery for powder grinding
NBC Meshtec Inc.	1,992	100.0	Manufacturing and sales of mesh cloths and forming filters
(Affiliates)			
Marubeni Nisshin Feed Co., Ltd.	5,500	40.0	Production and sales of compound feed
Tokatsu Foods Co., Ltd.	100	49.0	Production and sales of cooked foods such as bento lunch boxes and other prepared foods

Note: The voting rights in Miller Milling Company, LLC, and Nisshin Seifun Premix Inc. are held by subsidiaries of the Company. In addition, the voting rights in Champion Flour Milling Ltd., Ma•Ma-Macaroni Co., Ltd., and Initio Foods Inc., are held by the Company and its subsidiaries.

**[2] Status of Significant Acquisition**

There are no applicable matters to be reported.



**(7) Principal Businesses** (As of March 31, 2017)

The following is a description of the businesses and their principal products of the Nisshin Seifun Group. The Company, as the holding company, controls and manages the Group companies operating these businesses.

Business Segment	Principal Products
Flour Milling Segment	wheat flour, bran
Processed Food Segment	prepared mix products, wheat flour for household use, pasta, pasta sauce, frozen foods, prepared foods, cake and bread ingredients, biochemical products, life science business, healthcare foods
Others Segment	pet food; design, supervision and contracted construction of facilities; mesh cloths

**(8) Principal Offices** (As of March 31, 2017)

[1] The Company Head Office (Chiyoda-ku, Tokyo)

Institutes and Laboratories (Fujimino)

Research Center for Production and Technology

Research Center for Basic Science Research and Development

QE Center

[2] Flour Milling Segment

Nisshin Flour Milling Inc. Head Office (Chiyoda-ku, Tokyo)

Cereal Science Research Center of Tsukuba (Tsukuba)

Sapporo Sales Department (Sapporo), Sendai Sales Department (Sendai),

Kanto Sales Department (Chuo-ku, Tokyo), Tokyo Sales Department (Chuo-ku, Tokyo),

Nagoya Sales Department (Nagoya), Osaka Sales Department (Osaka),

Chushikoku Sales Department (Okayama), Fukuoka Sales Department (Fukuoka)

Hakodate Plant (Hakodate), Chiba Plant (Chiba),

Tsurumi Plant (Kawasaki), Nagoya Plant (Nagoya), Chita Plant (Chita),

Higashinada Plant (Kobe), Okayama Plant (Okayama), Sakaide Plant (Sakaide),

Fukuoka Plant (Fukuoka)

Miller Milling Company, LLC Head Office (Minnesota, U.S.A.)

Winchester Plant (Virginia, U.S.A.), Fresno Plant (California, U.S.A.)

Los Angeles Plant (California, U.S.A.), Oakland Plant (California, U.S.A.)

Saginaw Plant (Texas, U.S.A.), New Prague Plant (Minnesota, U.S.A.)

Champion Flour Milling Ltd. Head Office (New Zealand)

Mt. Maunganui Plant (New Zealand), Christchurch Plant (New Zealand)

[3] Processed Food Segment

Nisshin Foods Inc. Head Office (Chiyoda-ku, Tokyo)

Hokkaido Sales Department (Sapporo), Tohoku Sales Department (Sendai),

Metropolitan Sales Department (Chuo-ku, Tokyo),

Wide Area Sales Department (Chuo-ku, Tokyo),

Chubu Sales Department (Nagoya), Kansai Sales Department (Osaka),

Chushikoku Sales Department (Hiroshima), Kyushu Sales Department (Fukuoka),

Tatebayashi Plant (Tatebayashi)

Nisshin Seifun Premix Inc. Head Office (Chuo-ku, Tokyo)

Nagoya Plant (Nagoya)

Ma•Ma-Macaroni Co., Ltd. Head Office (Utsunomiya)

Utsunomiya Plant (Utsunomiya), Kobe Plant (Kobe)

Initio Foods Inc. Head Office (Chiyoda-ku, Tokyo)

Kumagaya Plant (Kumagaya), Shiraoka Plant (Shiraoka), Higashi-Osaka Plant (Higashi-Osaka)

Joyous Foods Co., Ltd. Head Office (Saitama)

Kodama Plant (Kodama-gun, Saitama), Kyoto Plant (Kuse-gun, Kyoto)

Oriental Yeast Co., Ltd. Head Office (Itabashi-ku, Tokyo)

Tokyo Plant (Itabashi-ku, Tokyo), Osaka Plant (Suita), Biwa Plant (Nagahama)

Nisshin Pharma Inc. Head Office (Chiyoda-ku, Tokyo)

Health Care Research Center (Fujimino), Ueda Plant (Ueda)

[4] Others Segment

Nisshin Petfood Inc. Head Office (Chiyoda-ku, Tokyo)

Nisshin Engineering Inc. Head Office (Chuo-ku, Tokyo)

NBC Meshtec Inc. Head Office (Hino)

Yamanashi Tsuru Plant (Tsuru), Shizuoka Kikugawa Plant (Kikugawa)

**(9) Employees of the Group** (As of March 31, 2017)

Business Segment	Number of Employees	Year-on-Year Change
Flour Milling Segment	1,555	5
Processed Food Segment	3,593	(152)
Others Segment	810	34
Corporate (Across the Group divisions)	366	(3)
Total	6,324	(116)

**(10) Major Creditors and Loans Payable** (As of March 31, 2017)

There are no major creditors.

## 2. Outline of the Company

### (1) Shares (As of March 31, 2017)

- [1] Total number of shares authorized to be issued 932,856,000 shares
- [2] Total number of shares issued and outstanding 304,357,891 shares  
(Including 2,293,422 shares of treasury shares)
- [3] Number of shareholders 22,345  
(Increased 1,363 from the previous term-end)

#### [4] Major shareholders (Top 10)

Name	Number of Shares Held	Shareholding Ratio
	(thousands)	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	24,325	8.0
Nippon Life Insurance Company	19,387	6.4
Yamazaki Baking Co., Ltd.	16,988	5.6
Japan Trustee Services Bank, Ltd. (Trust Account)	12,251	4.0
Mizuho Bank, Ltd.	11,310	3.7
Mitsubishi Corporation	8,448	2.7
Marubeni Corporation	6,284	2.0
Sumitomo Corporation	6,091	2.0
Sumitomo Mitsui Banking Corporation	5,585	1.8
The Norinchukin Bank	5,432	1.7

Note: Treasury shares (of 2,293,422 shares) are not included in shareholding ratio calculation.

## (2) Subscription Right to Shares

[1] Status of subscription rights to shares as of March 31, 2017

	Number of subscription rights to shares granted	Class and number of shares issuable upon exercise of subscription rights to shares	Issuance price upon exercise of subscription rights to shares	Persons granted subscription rights to shares	Amount payable upon exercise of subscription rights to shares	Exercise period
8-1st subscription rights to shares (Granted on August 18, 2010)	5	Common Stock 6,050 shares (1,210 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,099,890 per subscription right to shares	August 19, 2012 – August 1, 2017
8-2nd subscription rights to shares (Granted on August 18, 2010)	29	Common Stock 35,090 shares (1,210 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,099,890 per subscription right to shares	August 19, 2012 – August 1, 2017
9-1st subscription rights to shares (Granted on August 18, 2011)	10	Common Stock 12,100 shares (1,210 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,026,080 per subscription right to shares	August 19, 2013 – August 1, 2018
9-2nd subscription rights to shares (Granted on August 18, 2011)	48	Common Stock 58,080 shares (1,210 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,026,080 per subscription right to shares	August 19, 2013 – August 1, 2018
10-1st subscription rights to shares (Granted on August 16, 2012)	16	Common Stock 19,360 shares (1,210 shares per subscription right to shares)	Without charge	Directors of the Company	¥958,320 per subscription right to shares	August 17, 2014 – August 1, 2019
10-2nd subscription rights to shares (Granted on August 16, 2012)	36	Common Stock 43,560 shares (1,210 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥958,320 per subscription right to shares	August 17, 2014 – August 1, 2019
11-1st subscription rights to shares (Granted on August 20, 2013)	56	Common Stock 67,760 shares (1,210 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,224,520 per subscription right to shares	August 21, 2015 – August 3, 2020
11-2nd subscription rights to shares (Granted on August 20, 2013)	126	Common Stock 152,460 shares (1,210 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,224,520 per subscription right to shares	August 21, 2015 – August 3, 2020
12-1st subscription rights to shares (Granted on August 19, 2014)	74	Common Stock 81,400 shares (1,100 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,274,900 per subscription right to shares	August 20, 2016 – August 2, 2021
12-2nd subscription rights to shares (Granted on August 19, 2014)	177	Common Stock 194,700 shares (1,100 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,274,900 per subscription right to shares	August 20, 2016 – August 2, 2021

	Number of subscription rights to shares granted	Class and number of shares issuable upon exercise of subscription rights to shares	Issuance price upon exercise of subscription rights to shares	Persons granted subscription rights to shares	Amount payable upon exercise of subscription rights to shares	Exercise period
13-1st subscription rights to shares (Granted on August 19, 2015)	111	Common Stock 111,000 shares (1,000 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,748,000 per subscription right to shares	August 20, 2017 – August 1, 2022
13-2nd subscription rights to shares (Granted on August 19, 2015)	215	Common Stock 215,000 shares (1,000 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,748,000 per subscription right to shares	August 20, 2017 – August 1, 2022
14-1st subscription rights to shares (Granted on August 15, 2016)	111	Common Stock 111,000 shares (1,000 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,753,000 per subscription right to shares	August 16, 2018 – August 1, 2023
14-2nd subscription rights to shares (Granted on August 15, 2016)	228	Common Stock 228,000 shares (1,000 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,753,000 per subscription right to shares	August 16, 2018 – August 1, 2023

Conditions for exercise of the above subscription rights to shares:

- 1) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the “holders”) shall be a Director or Executive Officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time of the exercise of the subscription rights to shares. However, the holders who are no longer a Director or Executive Officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the rights up until two (2) years after stepping aside or two (2) years after the commencement of the exercise period of the subscription rights to shares, whichever is later.
- 2) An heir of the holder shall be allowed to inherit the subscription rights to shares, provided that he/she completes the procedures to change the holder.
- 3) Subscription rights to shares may not be transferred, securitized or otherwise disposed of under any circumstances.
- 4) Where a holder is dismissed from the position of Director or Executive Officer, or under certain other circumstances, the exercise of the subscription rights to shares may be deemed inappropriate considering the purpose of the granting of rights, and in such case said rights will be forfeited immediately.

[2] Subscription rights to shares granted as remuneration for performance of duty and held by Directors of the Company as of March 31, 2017

Segment	Name	Number of subscription rights to shares	Number of persons holding subscription rights to shares
Directors (excluding Outside Directors)	8-1st subscription rights to shares	0	0
	9-1st subscription rights to shares	7	2
	10-1st subscription rights to shares	16	3
	11-1st subscription rights to shares	44	7
	12-1st subscription rights to shares	64	9
	13-1st subscription rights to shares	101	12
	14-1st subscription rights to shares	101	12
Outside Directors	8-1st subscription rights to shares	0	0
	9-1st subscription rights to shares	0	0
	10-1st subscription rights to shares	0	0
	11-1st subscription rights to shares	5	1
	12-1st subscription rights to shares	5	1
	13-1st subscription rights to shares	10	2
	14-1st subscription rights to shares	10	2

The details of the above subscription rights to shares are described in [1].

[3] Subscription rights to shares granted as remuneration for performance of duty to employees during the fiscal year ended March 31, 2017.

There are no applicable matters to be reported.

### (3) Members of the Boards

[1] Directors and Audit & Supervisory Board Members (As of March 31, 2017)

Title	Name	Position	Significant Positions Concurrently Held
Representative Director and President	Hiroshi Oeda		
Director and Vice President	Kazuo Ikeda		
Senior Managing Director	Masao Nakagawa	Division Executive, Finance and Accounting Division	
Senior Managing Director	Michinori Takizawa	Division Executive, General Administration Division	
Managing Director	Takashi Harada	Division Executive, R&D and Quality Assurance Division	
Managing Director	Akira Mori	Division Executive, Corporate Planning Division	
Managing Director	Koichi Iwasaki		Director and President (Representative Director), Nisshin Foods Inc.
Managing Director	Nobuki Kemmoku		Director and President (Representative Director), Nisshin Flour Milling Inc.
Director	Satoshi Odaka	Division Executive, Technology and Engineering Division	
Director	Masashi Nakagawa		Director and President (Representative Director), Oriental Yeast Co., Ltd.
Director	Takao Yamada		Senior Managing Director, Nisshin Flour Milling Inc.
Director	Kiyoshi Sato		Director and President (Representative Director), Nisshin Pharma Inc.
Director	Akio Mimura		Senior Advisor and Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation Chairman, The Japan Chamber of Commerce and Industry Chairman, The Tokyo Chamber of Commerce and Industry Outside Director, Development Bank of Japan Inc. Outside Director, Innovation Network Corporation of Japan Outside Director, Tokio Marine Holdings, Inc. Outside Director, Japan Post Holdings Co., Ltd.
Director	Kazuhiko Fushiya		Chairman, The Institute of Internal Auditors - Japan
Audit & Supervisory Board Member (Full-time)	Yasuhiko Masaki		
Audit & Supervisory Board Member (Full-time)	Kazuya Yoshinare		
Audit & Supervisory Board Member	Tetsuo Kawawa		Attorney; Proprietor, Kawawa Law Offices

Title	Name	Position	Significant Positions Concurrently Held
Audit & Supervisory Board Member	Satoshi Ito		Certified Public Accountant; Proprietor, Ito Certified Public Accountant Offices Outside Audit & Supervisory Board Member, Sumitomo Mitsui Financial Group, Inc.
Audit & Supervisory Board Member	Motoo Nagai		Outside Audit & Supervisory Board Member (Full-time), Nissan Motor Co., Ltd. Outside Director, Organo Corporation

- Notes: 1. Directors Akio Mimura and Kazuhiko Fushiya are Outside Directors.
2. Audit & Supervisory Board Members Tetsuo Kawawa, Satoshi Ito, and Motoo Nagai are Outside Audit & Supervisory Board Members.
3. The Company selects all of the Outside Directors and Outside Audit & Supervisory Board Members as Independent Directors and Independent Audit & Supervisory Board Members, respectively, in accordance with its “Independent Standards of Outside Directors and Audit & Supervisory Board Members” (posted on the Company’s website ([http://www.nisshin.com/english/shareholders/pdf/cg\\_is.pdf](http://www.nisshin.com/english/shareholders/pdf/cg_is.pdf))) formulated pursuant to criteria concerning independence as defined by the Tokyo Stock Exchange, providing the necessary notification thereto.
4. Audit & Supervisory Board Member Kazuya Yoshinare has work experience in finance and accounting at the Company and substantial knowledge of finance and accounting.
5. Audit & Supervisory Board Member Satoshi Ito, who has the qualification as a Certified Public Accountant, has experience in and substantial knowledge of finance and accounting.
6. As of March 31, 2017, Mr. Hiroshi Oeda resigned from his position as Director and President (Representative Director), and took office as Director and Executive Adviser as of April 1, 2017. As of the same day, Mr. Nobuki Kemmoku took office as Director and President (Representative Director), and both Mr. Masao Nakagawa and Mr. Michinori Takizawa took office as Director and Vice President (Representative Director). Mr. Kazuo Ikeda became Director from his former position as Director and Vice President.
7. The following is a list of changes in significant positions concurrently held in the fiscal year ended March 31, 2017.
- |                                  |                |   |
|----------------------------------|----------------|---|
| Audit & Supervisory Board Member | Satoshi Ito    | Retired as an Outside Audit & Supervisory Board Member, NEC Corporation (June 22, 2016)                     |
| Director                         | Nobuki Kemmoku | Resigned as a Director and President (Representative Director), Nisshin Flour Milling Inc. (March 31, 2017) |
- As of April 1, 2017, Director Nobuki Kemmoku took office as Director and Chairman of Nisshin Flour Milling Inc., and Director Takao Yamada took office as Director and President (Representative Director) of Nisshin Flour Milling Inc.



[2] Outline of liability limitation agreement

The Company has concluded an agreement with each Director (excluding executive Directors, etc.) and each Audit & Supervisory Board Member which limits the amount of liability for damages set forth in Article 423, Paragraph 1 of the Companies Act to the sum of the amount set forth in each item of Article 425, Paragraph 1 thereof, provided that the duties of each are performed in good faith and without gross negligence on the part thereof.

[3] Amount of remuneration for Directors and Audit & Supervisory Board Members

Total amount of remuneration for Directors and Audit & Supervisory Board Members for the fiscal year ended March 31, 2017

Directors : Fourteen (14)	¥349 million
Audit & Supervisory Board Members: Five (5)	¥54 million
Outside Directors and Outside Audit & Supervisory Board Members: Five (5) (Included in the above)	¥48 million

Note: The total amount of remuneration for Directors includes expenses that are associated with the subscription rights to shares granted in the form of stock options as remuneration during the fiscal year ended March 31, 2017.

[4] Outside Directors and Outside Audit & Supervisory Board Members

1. Significant positions concurrently held in other companies, etc. and relationship between the Company and said companies, etc.

Significant positions concurrently held in other companies, etc., are mentioned above [1] and there is no significant business relationship or special relationship between the Company and the above-identified companies of concurrently held positions.

2. Principal activities in the fiscal year ended March 31, 2017

1) Director Akio Mimura

Mr. Mimura attended 11 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2017. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported from a managerial perspective with broad experience.

2) Director Kazuhiko Fushiya

Mr. Fushiya attended all meetings of the Board of Directors held in the fiscal year ended March 31, 2017. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported based on experience and discernment acquired through holding important posts at the Ministry of Finance (MOF), etc.

3) Audit & Supervisory Board Member Tetsuo Kawawa

Mr. Kawawa attended 12 out of 13 meetings of the Board of Directors and 13 out of 14 meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2017. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported mainly from a technical perspective as an attorney.

4) Audit & Supervisory Board Member Satoshi Ito

Mr. Ito attended 12 out of 13 meetings of the Board of Directors and all meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2017. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported mainly from a technical perspective as a Certified Public Accountant.

5) Audit & Supervisory Board Member Motoo Nagai

Mr. Nagai attended 12 out of 13 meetings of the Board of Directors and all meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2017. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported, drawing on his experience and insights gained through his career as a manager of financial institutions.

#### (4) Independent Auditor

[1] Name of the independent auditor: Ernst & Young ShinNihon LLC

[2] Compensation to the independent auditor for the fiscal year ended March 31, 2017

1. Compensation paid to the independent auditor: ¥55 million
2. Total of cash and other financial profits payable by the Company and its subsidiaries: ¥176 million

Notes: 1. The audit contract between the Company and the independent auditor does not and practically cannot separate the amount of compensation for the audit under the Companies Act from the amount of compensation for the audit under the Financial Instruments and Exchange Act. Therefore, the compensation described in the above 1 is the sum of both amounts.

2. Some subsidiaries of the Company have their financial statements and related documents audited by auditors other than Ernst & Young ShinNihon LLC.

[3] Content of non-audit services

Subsidiaries of the Company entrust “the services with regard to guidance and advice on accounting and internal control matters” to the independent auditor, which can be defined as non-audit services that are other than the services defined in Article 2, Paragraph 1 of the Certified Public Accountants Act.

[4] Reasons for the Audit & Supervisory Board’s approval on compensation to the independent auditor

The Audit & Supervisory Board has given its approval as prescribed under Article 399, Paragraph 1 of the Companies Act, as the compensation to the independent auditor was considered reasonable based on the verification and review of the relevant matters including the status of execution of duties by the independent auditor in the previous fiscal year, details of the audit plan in the fiscal year under review and the basis of calculating the estimated compensation.

[5] Policy for decisions on dismissal or non-reappointment of independent auditor

The Audit & Supervisory Board will dismiss the independent auditor in the event that any of the reasons stipulated in each item of Article 340, Paragraph 1 of the Companies Act are deemed applicable to the independent auditor and such action is considered necessary, subject to the unanimous consent of the Audit & Supervisory Board Members.

In addition, the Audit & Supervisory Board will decide the details of a proposal for the dismissal or non-reappointment of the independent auditor to be submitted to the General Meeting of Shareholders, as stipulated in Article 344 of the Companies Act, in the event that any of the reasons stipulated in Article 340 of the Companies Act, or any concomitant reasons, are deemed applicable to the independent auditor and such action is considered necessary. Furthermore, the Audit & Supervisory Board may also decide the details of a proposal for the non-reappointment of the independent auditor to be submitted to the General Meeting of Shareholders, as stipulated in Article 344 of the Companies Act, in the event that the non-reappointment of the independent auditor is considered appropriate in overall consideration of various factors including the audit quality provided and the status of execution of duties by the independent auditor.

[6] Business suspension order imposed on the independent auditor in the past two years

Outline of the penalty announced on December 22, 2015 by the Financial Services Agency

1. The party on which the order was imposed: Ernst & Young ShinNihon LLC
2. Description of the penalty
  - Suspension of business operations concerning conclusion of new engagement contracts: Three months (From January 1, 2016 to March 31, 2016)
  - Business improvement administrative order (for improvement of the operation management system)
3. Reasons for the penalty
  - In the course of the audit of the financial statements of TOSHIBA CORPORATION for the fiscal years ended March 31, 2010, 2012 and 2013, seven certified public accountants of Ernst & Young ShinNihon LLC failed to exercise due care and attested the financial statements with material misstatements as free of such misstatements.
  - The auditing firm’s management was found to be significantly inappropriate.

### 3. Systems and Policies of the Company

#### (1) Systems to Ensure Appropriate Business Execution and the Status of Operation of Systems Concerned

The internal control systems of the Company are based on the establishment of a chain of command and clarification of authority and responsibility in operational departments, management control by the department heads or managers in operational departments, internal checks between departments (i.e. operations division and accounting division), and are put in place for implementation in accordance with the basic policies resolved by the Board of Directors. Details of the basic policies and outline of the implementation status thereof are as follows.

[1] Systems for ensuring the compliance of the performance of duties of directors and employees of the Company and its subsidiaries with laws and the Articles of Incorporation

- 1) The Nisshin Seifun Group has formulated the “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines.” The presidents and directors of the Company and its subsidiaries must recognize their duty to comply with the Corporate Code of Conduct and Employee Action Guidelines and take the lead in following the rules and publicizing them to the people concerned. The presidents and directors must also endeavor to understand internal and external opinions at all times and adjust their internal systems accordingly to enhance their effectiveness, while promoting corporate ethics throughout their companies.
- 2) Audit & Supervisory Board Members of the Company and its subsidiaries audit the performance of duties by each director, and oversee directors to verify whether they construct and operate the internal control systems in an appropriate manner.
- 3) The Internal Control Department, directly supervised by the Representative Director of the Company, leads efforts to enhance and operate the internal control systems of the Nisshin Seifun Group. As an independent organization, the Internal Control Department evaluates the internal control systems of the Nisshin Seifun Group and performs internal audits of the Group’s business operations.
- 4) The Social Committee of the Company addresses all the Nisshin Seifun Group’s corporate social responsibility (CSR) issues by discussing a comprehensive range of CSR issues, including corporate ethics and compliance, promoting practical CSR measures at the Group and ensuring awareness of compliance with laws, the Articles of Incorporation and social norms.
- 5) The Nisshin Seifun Group shall not bow to unreasonable demands of antisocial forces that threaten the order and safety of civil society and takes organized countermeasures in collaboration with external specialized institutions.
- 6) The Company operates and maintains the Compliance Hotline System, which was established as a measure for the Nisshin Seifun Group employees, etc., to directly report any acts of non-compliance so that such acts can be detected early and dealt with.

(Status of operation)

- 1) The Nisshin Seifun Group has introduced the “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines” in the Group companies including overseas subsidiaries and affiliates as the Group’s common basis for discipline, whereby striving to ensure awareness of these guidelines.
- 2) The Company is promoting awareness among employees of the “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines” along with the Compliance Hotline System through human resources training programs.
- 3) The Internal Control Department of the Company is conducting the internal control evaluation at each Group company and verifying the level of awareness and the status of compliance with the internal rules.
- 4) The Company held two meetings of the Social Committee during the fiscal year under review to discuss a comprehensive range of CSR issues, including compliance, thereby promoting the Nisshin Seifun Group’s CSR measures.
- 5) The Company also organizes the Normative Ethics Committee, whereby ensuring that no unreasonable payment is made to antisocial forces and examining the appropriateness of donations.

[2] Rules and systems for managing the danger of loss to the Company and its subsidiaries

- 1) For issues concerning business operations at the Nisshin Seifun Group, approval and reporting procedures must be determined according to their level of importance, impact, etc., and evaluation of such issues, including risk assessment thereof, are made in advance.
- 2) In line with the Nisshin Seifun Group Risk Management Rules, the Nisshin Seifun Group conducts the risk evaluation and reviews measures against risks, and the Company’s Risk Management Committee supervises the overall risk management efforts of the Nisshin Seifun Group by confirming and providing guidance to ensure that its subsidiaries have appropriate control over the risks that are evaluated by themselves, and that no risks are ignored.
- 3) In line with the Nisshin Seifun Group Crisis Control Rules, employees, etc., must report any emergence or possibility of crises to a specified contact within the Nisshin Seifun Group to ensure the early

detection and handling of the danger of loss.

Should crises occur, the Company must set up a countermeasures headquarters immediately to handle such crises in an appropriate manner to minimize damages.

- 4) Audit & Supervisory Board Members of the Company and its subsidiaries must take the necessary measures, such as giving advice and making recommendations to directors, whenever they recognize the possibility that each director may bring about significant damage or serious accidents.

(Status of operation)

- 1) Each Nisshin Seifun Group company conducts the risk evaluation and reviews measures against risks in accordance with the Nisshin Seifun Group Risk Management Rules. In addition, a planning sub-committee of the Risk Management Committee of the Company conducts the Group-wide verification of the results of the review at each Group company and reports the results to the Risk Management Committee for deliberation thereat.
- 2) An internal reporting system is in place in line with the Nisshin Seifun Group Crisis Control Rules, whereby employees, etc., of the Nisshin Seifun Group may report any emergence or possibility of crises to a specified contact desk.

- [3] Systems for ensuring that the duties of directors of the Company and its subsidiaries are performed efficiently

- 1) For the Company and its subsidiaries, the range of responsibility and authority is clarified, for example, by identifying matters to be resolved by and reported to the Board of Directors and matters of request for approval of presidents and directors in charge. This enables directors to perform their duties in a prompt and appropriate manner.
- 2) The Nisshin Seifun Group clarifies its business strategies and their potential directions, according to which the Group companies formulate their profit plans on a yearly basis. The term of office of directors is set at one year to clarify their responsibilities. The Board of Directors reviews business performance on a monthly basis, and discusses and implements measures to improve performance.

(Status of operation)

- 1) The Nisshin Seifun Group formulated the new management plan “NNI-120 II” with the final year being the fiscal year ending March 31, 2021. The Group aims to achieve steady growth of profits by carrying out the revised basic strategies with a primary focus on restructuring the earnings foundation for the Group’s core businesses and promoting self-sustained growth, including that of acquired business.
- 2) Each Group company formulates its profit plans for the fiscal year in line with its business strategies, while implementing measures to improve performance based on the monthly business performance review at its Board of Directors.

- [4] Systems for ensuring that proper business operations are conducted within the Nisshin Seifun Group that consists of the Company and its subsidiaries

- 1) The Nisshin Seifun Group has adopted a holding company structure under which the holding company, the Company, oversees and evaluates the actions of subsidiaries with the best interests of the shareholders in mind.
- 2) For important issues concerning the business operations of subsidiaries, the Nisshin Seifun Group sets the standards for issues to be discussed by or reported to the Board of Directors of the Company.
- 3) The Nisshin Seifun Group has formulated the “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines,” in which the Corporate Principle, the Basic Management Policy, the Basic Stance toward Stakeholders, the Corporate Code of Conduct and Employee Action Guidelines are specified, and awareness of them throughout the Group is promoted.
- 4) The procedures and methods for creation of the Nisshin Seifun Group’s financial reports, including the consolidated financial statements, are stipulated to eliminate wrongful acts and errors and ensure the reliability of such reports.
- 5) Audit & Supervisory Board Members of the Company and the Group companies hold meetings of the Audit & Supervisory Board Members’ Liaison Committee of the Nisshin Seifun Group, and share issues to be addressed.
- 6) The Company provides special audits, such as of facilities, safety, environment and quality assurance, for the Nisshin Seifun Group.
- 7) The Internal Control Department, directly supervised by the Representative Director of the Company, leads efforts to enhance and operate the internal control systems of the Nisshin Seifun Group. As an independent organization, the Internal Control Department evaluates the internal control systems of the Nisshin Seifun Group and perform internal audits of the Group’s business operations.
- 8) Each subsidiary of the Nisshin Seifun Group establishes its own Internal Control Committee, headed by the president, which leads efforts to enhance and operate its internal control systems.

(Status of operation)

- 1) For important issues concerning the business operations of subsidiaries, the Nisshin Seifun Group refers issues to be discussed by or reported to the Board of Directors of the Company in accordance with the “Matters to be Resolved by and Reported to the Board of Directors” as well as the “Standards for Issues Concerning Subsidiaries to be Discussed by the Board of Directors.”
- 2) With respect to the internal controls for the purpose of ensuring the reliability of financial reporting, operation procedures at each Group company are documented in order to verify the presence of effective control under the Nisshin Seifun Group’s unified policy, while the Internal Control Department evaluates the status of enhancement and operation of such controls.
- 3) With respect to the internal controls for purposes other than financial reporting, specialized departments of the Company conduct audits on respective areas, including facilities, safety, environmental conservation and quality assurance, to verify that each operation is implemented appropriately.

- [5] Systems for ensuring the preservation and management of information in relation to the Company’s directors’ performance of their duties

The minutes of the meetings of Board of Directors, approval documents, and other documents and information relating to the performance of duties by directors are preserved and managed appropriately as confidential information in accordance with the relevant regulations.

(Status of operation)

The minutes of the meetings of Board of Directors and approval documents of the Company are preserved and managed appropriately as confidential information in accordance with the Confidential Information Management Rules.

- [6] Provisions concerning the employees requested to assist the Company’s Audit & Supervisory Board Members in performing their duties, the independence of such employees from directors and ensuring the effectiveness of directions given to such employees

- 1) The Audit & Supervisory Board appoints Audit & Supervisory Board Member assistants who assist Audit & Supervisory Board Members in performing their duties. The Audit & Supervisory Board Member assistants assist Audit & Supervisory Board Members in performing audits under the direction of Audit & Supervisory Board Members, and personnel changes and other matters concerning the Audit & Supervisory Board Member assistants require the consent of Audit & Supervisory Board Members.
- 2) Directors pay close attention to ensure that no unreasonable constraints exist that could potentially hinder the independence of the Audit & Supervisory Board Member assistants in performing their duties.

(Status of operation)

Audit & Supervisory Board Member assistants who are independent from Directors assist Audit & Supervisory Board Members in performing their duties in order to enhance the effectiveness of the audit function of the Audit & Supervisory Board Members. In addition, the Company pays close attention to ensure that no unreasonable constraints that could potentially hinder the independence of the Audit & Supervisory Board Member assistants in performing their duties are exercised by Directors.

- [7] Systems for reporting to Audit & Supervisory Board Members of the Company by directors and employees of the Company, directors, Audit & Supervisory Board Members and employees of its subsidiaries and individuals who receive reports from these individuals

- 1) Audit & Supervisory Board Members of the Company attend the meetings of the Board of Directors and other important meetings, including meetings of the Group Management Meeting, the Credit Management Committee, and the Normative Ethics Committee, and state their opinions as appropriate.
- 2) The Audit & Supervisory Board of the Company may ask for reporting from the independent auditors, directors, the Internal Control Department and others at its meetings as the need arises.
- 3) When directors of the Company or its subsidiaries recognize anything that could cause significant damage or serious accidents to their respective companies, they shall immediately report that to their respective Audit & Supervisory Board Members. At the same time, Audit & Supervisory Board Members of each subsidiary shall also report that to the Company’s Audit & Supervisory Board Members.
- 4) The results of audits conducted by subsidiaries’ Audit & Supervisory Board Members shall also be reported to the Company’s Audit & Supervisory Board.
- 5) The results of internal control evaluations and internal audits conducted by the Company’s Internal Control Department are also reported to the Company’s Audit & Supervisory Board.
- 6) The results of special audits by the Company, such as of facilities, safety, environment and quality assurance, are also reported to the Company’s Audit & Supervisory Board.
- 7) Any information obtained through the Compliance Hotline is reported immediately to Audit &

Supervisory Board Members of the Company.

- 8) Documents for taking over the duties of outgoing Division Executives of the Company and the presidents of its subsidiaries are submitted to the Audit & Supervisory Board of the Company.
- 9) All approval documents of the Company and its subsidiaries are returned to their respective Audit & Supervisory Board Members.

(Status of operation)

- 1) Audit & Supervisory Board Members of the Company attend the meetings of the Board of Directors and other important meetings, including the Group Management Meetings and the Credit Management Committee meetings, and state their opinions as appropriate.
- 2) Audit & Supervisory Board Members and the Internal Control Department of the Company report to each other information including audit results as they conduct audits, while Audit & Supervisory Board Members and dedicated audit staff at the Group's main operating companies report their audit results to the Audit & Supervisory Board Members and the Internal Control Department of the Company, whereby enhancing mutual collaboration.
- 3) Audit & Supervisory Board Members of the Company held two meetings of the Audit & Supervisory Board Members' Liaison Committee of the Nisshin Seifun Group during the fiscal year under review, as attended by the Audit & Supervisory Board Members of the Group's main operating companies and the Internal Control Department, exchanging opinions on audit cases in an effort to share awareness of the issues to be addressed and enhance audit quality across the Group.

- [8] Systems for ensuring that individuals reporting to the Company's Audit & Supervisory Board Members will not be treated disadvantageously for such reporting

Individuals reporting any of the previously addressed items, including those reporting via the Compliance Hotline, will not be treated disadvantageously, through personnel systems or in any other way, for such reporting.

(Status of operation)

The Compliance Hotline Rules stipulate a provision to the effect that individuals who used the Compliance Hotline for the purpose of whistle-blowing shall not be treated disadvantageously, and such provision is posted on the Company's Intranet and communicated across the board.

- [9] Provisions regarding policies guiding procedures for the prepayment or reimbursement of expenses incurred by the Company's Audit & Supervisory Board Members in the execution of their duties and other expenses incurred in the execution of such duties or related obligations

Anticipated expenses incurred by the Audit & Supervisory Board Members in the execution of their duties are budgeted; expenses incurred or related obligations beyond the budget, excluding such expenses deemed unnecessary for execution of the duties of the Audit & Supervisory Board Members, shall be dealt with immediately by the Company pursuant to Article 388 of the Companies Act.

(Status of operation)

Anticipated expenses incurred by the Audit & Supervisory Board Members of the Company in the execution of their duties are budgeted, and expenses incurred beyond the budget are dealt with immediately by the Company pursuant to Article 388 of the Companies Act.

- [10] Other systems for ensuring that the audits of Audit & Supervisory Board Members of the Company are conducted efficiently

Audit & Supervisory Board Members hold regular meetings with representative directors, and exchange opinions on prospective challenges and risks for the Company, as well as the status of the environment for audits by Audit & Supervisory Board Members and other important audit issues.

(Status of operation)

Audit & Supervisory Board Members of the Company hold regular meetings with representative director and exchange opinions on important audit issues, etc.

## **(2) Basic Policies Regarding Control of the Corporation**

- [1] Basic policies

As a provider of food, the Company believes that its chief responsibility, as well as a source of generating corporate value, is to provide safe and reliable food on a continuous basis. To secure and improve the Company's corporate value and the common interests of the shareholders, it is essential to ensure high levels of safety and the quality of its products, as well as stable supply. If anyone without such belief made a large scale purchase of the Company's shares and behaved in ways contrary to the Company's medium or long-term business policies, such as making excessive reductions in production and/or R&D expenses only to improve short-term financial performance, that would cause damage to the

Company's corporate value and the common interests of the shareholders. Moreover, there are other forms of stock purchase that might do harm to the Company's corporate value and the common interests of the shareholders.

To take action against such harmful acts, the Company believes that the advanced disclosure of sufficient information must be made, such as on the management policies and business plans envisioned by a potential purchaser of the Company's shares; the possible impact of the Acquisition Proposal on the Company's shareholders, the management of the Nisshin Seifun Group and all of the Group's stakeholders; the purchaser's views regarding corporate social responsibility, including the matter of food safety; and that a reasonable time-period to review such proposal and ample capacity to negotiate with such purchaser must be ensured.

- [2] Measures that contribute to the effective utilization of the Company's assets, structuring of the appropriate form of the business group and the realization of other basic policies on control of the corporation

As a pure holding company for the Nisshin Seifun Group, the Company plans management strategies for the Group, allocates its managerial resources efficiently, and audits and oversees the Group's business operations. Our operating companies optimize themselves according to the markets in which they operate, and by doing so, they secure high levels of safety and quality, as well as stable supply for their products, thus mutually improving their corporate value and, in turn, the corporate value of the entire Nisshin Seifun Group.

Under this structure, the Nisshin Seifun Group aims to secure and enhance its high levels of production technologies and capacities for development and evaluation that underpin the safety and quality of its products. The Group also makes ongoing well-planned capital investments from a long-term perspective; provides employee education to enhance employees' professional abilities; introduces audit and instructional systems as to quality assurance and production facilities on a continuous basis; builds and enhances systems for internal control and legal compliance; and endeavors to maintain trustful relations with stakeholders, including business partners/customers and local communities.

- [3] Measures to prevent a decision on the Company's financial and business policies from being controlled by a party who is deemed inappropriate according to the basic policies

The Company introduced the countermeasures using a gratis allotment of subscription rights to shares (hereinafter "the Plan"), in line with Article 49 of its Articles of Incorporation and the "Renewal of the Resolution to Approve Gratis Allotment of Subscription Rights to Shares for Securing and Improving Corporate Value of the Company and the Common Interests of the Shareholders," which was approved by the 171<sup>st</sup> Ordinary General Meeting of Shareholders held on June 25, 2015 with the aim of securing and improving the corporate value of the Company and the common interests of the shareholders. The outline of the Plan is as follows.

- 1) The Board of Directors shall ask any party who attempts a Specified Acquisition to present a written Acquisition Proposal to ask for a resolution of the Board of Directors not to take countermeasures including the gratis allotment of the subscription rights to shares defined in Paragraph 6) below (hereinafter "the Confirmation Resolution") against that proposal. Any party who attempts the Specified Acquisition is required to ask for the Confirmation Resolution by presenting the Acquisition Proposal in advance. In the interests of prompt implementation of the Plan, the Board of Directors may establish a reply period and request the provision of additional information in respect to any parties making a proposal to acquire shares of the Company. Even in this case, the reply period shall be set with an upper limit of within 60 business days starting from the day on which the provision of information was requested of the Proposed Acquirer by the Board of Directors and the Corporate Value Committee shall commence its deliberation and discussion upon the expiry of such reply period.

"Specified Acquisition" means i) an act of purchasing the Company's share certificates, etc., that would result in the holding of 20% or more of the Company's share certificates, etc. (including a similar act as specified by the Board of Directors), or ii) an act of commencing a tender offer that would result in the holding of 20% or more of the Company's share certificates, etc. "Acquisition Proposal" means a document that contains post-acquisition management policies and business plans for the Company, the basis for determining the compensation for the Acquisition Proposal, the financial means of the Proposed Acquirer, possible influences on the Company's stakeholders and information related to Items 4) A) through G) below that is reasonably demanded by the Company.

- 2) Upon receiving the Acquisition Proposal, the Board of Directors shall promptly submit it to the Corporate Value Committee, which consists only of the Outside Directors and the Outside Audit & Supervisory Board Members of the Company.
- 3) The Corporate Value Committee deliberates the Acquisition Proposal and discusses whether to issue a resolution to recommend that the Board of Directors make the Confirmation Resolution regarding the

- Acquisition Proposal (hereinafter “the Recommendation Resolution”). The Recommendation Resolution shall be adopted by a majority vote of all of the Corporate Value Committee members, and the results of that resolution shall be disclosed. The period for such deliberation and discussion by the Corporate Value Committee shall be a maximum of 60 business days (or a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in Japanese currency as compensation and set no upper limit to the number of shares to be purchased) upon the receipt of the Acquisition Proposal by the Board of Directors. However, this period can be extended up to 30 business days for a reasonable reason, and in that case, such reason and the expected period of extension shall be disclosed.
- 4) The deliberation and discussion regarding the Recommendation Resolution by the Corporate Value Committee shall be made by faithfully forming an accurate judgment as to whether the Acquisition Proposal can satisfy the Company’s purposes of securing and improving corporate value and the common interests of the shareholders. It should be noted that the Corporate Value Committee must issue a Recommendation Resolution with regard to any Acquisition Proposal that meets the requirements of Items A) through G) below, and furthermore, shall issue a Recommendation Resolution with regard to any Acquisition Proposal that, although not meeting all said requirements, is deemed suitable with a view to securing and improving corporate value and the common interests of the shareholders.
- A) The acquisition does not fall under any of the following types of action:
- (a) Buyout of the Company’s shares to demand that the Company or its related party purchase said shares at an inflated price;
  - (b) Management that achieves an interest for the proposed purchaser, its group company or other related party to the detriment of the Company, such as temporary control of the Company’s management for transfer of the Company’s material assets;
  - (c) Diversion of the Company’s assets to secure or repay debts of the proposed purchaser, its group company or other related party;
  - (d) Realization of temporary high returns to the detriment of ongoing growth of the Company, such as temporary control of the Company’s management to decrease the assets and funds that are required for the Company’s business expansion, product development, etc., for years ahead; and
  - (e) Other types of action through which the proposed purchaser, its group company or other related party earns interest by unjustly causing harm to the interests of the Company’s stakeholders, including the Company’s shareholders, business partners or customers and employees.
- B) The scheme and content, etc., of the deal proposed by the Acquisition Proposal comply with the relevant laws and regulations.
- C) The scheme and content of the deal proposed by the Acquisition Proposal do not threaten to have the effect of compelling shareholders to sell their shares.
- D) The true information necessary for deliberations on the Acquisition Proposal is provided in the appropriate timing, such as upon request of the Company, and sincere responses are made in other ways as well, by complying with the procedures specified by the Plan.
- E) The period for the Company to deliberate the Acquisition Proposal (including deliberation and presentation of its alternative proposals to the Company’s shareholders)—which is specified as a maximum of 60 business days upon the receipt of the Acquisition Proposal, a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in Japanese currency as compensation and set no upper limit to the number of shares to be purchased, or a longer period of days up to a maximum of 30 business days if required for reasonable reasons—is secured.
- F) The conditions of the acquisition proposed by the Acquisition Proposal are not insufficient or inappropriate with a view to the corporate value of the Company and the common interests of the shareholders.
- G) The Acquisition Proposal is reasonably recognized to satisfy the purposes of securing and improving the Company’s corporate value and the common interests of the shareholders.
- 5) The Confirmation Resolution of the Company’s Board of Directors shall be made according to the Recommendation Resolution of the Corporate Value Committee. If the Corporate Value Committee issues the Recommendation Resolution, the Board of Directors must make the Confirmation Resolution promptly, unless there are particular reasons that are obviously against the director’s duty of care. Countermeasures, such as the gratis allotment of Subscription Rights to Shares, cannot be implemented against the Acquisition Proposal for which the Confirmation Resolution is made.
- 6) In the event that a Specified Acquirer—which is defined as a person or company that executed the Specified Acquisition and failed to obtain the Confirmation Resolution by the time such acquisition was executed—appears, the Board of Directors shall announce its appearance, issue a resolution that determines the necessary conditions for effecting a gratis allotment of Subscription Rights to Shares, including the record and effective dates for such allotment, and execute the gratis allotment of



Subscription Rights to Shares. “Subscription Rights to Shares” is defined as the subscription rights to shares whose exercise is restricted for the Specified Acquirer and its related parties, which are collectively defined as the Specified Acquirer.

If it is revealed that the ratio of holdings of the Company’s share certificates, etc., by the Specified Acquirer falls below 20% by the date that is specified elsewhere by the Board of Directors and which should be earlier than 3 business days prior to the record date for the gratis allotment, the Board of Directors can defer effecting a gratis allotment of Subscription Rights to Shares.

- 7) If a gratis allotment of Subscription Rights to Shares is effected, the Company shall implement the gratis allotment of Subscription Rights to Shares to all shareholders, except the Company, as of the record date for the gratis allotment at a ratio of one Subscription Right to Shares for every one share of the Company’s common stock held, and the number of shares to be issued per one Subscription Right to Shares will not exceed two and be determined elsewhere by the Board of Directors. The value of assets invested to exercise one Subscription Right to Shares shall be ¥1 multiplied by the number of shares to be issued per one Subscription Right to Shares.
- 8) The unexercised Subscription Rights to Shares can be acquired by the Company. For the Subscription Rights to Shares held by shareholders other than the Specified Acquirer, this is accomplished in exchange for the Company’s shares of common stock of a number equal to the integral part of the number of said Subscription Rights to Shares multiplied by the number of shares to be issued per Subscription Right to Shares. For other Subscription Rights to Shares, this is accomplished in exchange for subscription rights to shares with restriction on transfer (restriction on the exercise of the rights by the Specified Acquirer) of the same number as the Subscription Rights to Shares that are acquired by the Company.

[4] Judgment of the Board of Directors and its reasons

The Plan complies with the basic policies described in Item [1] above, and it is carefully devised as follows to ensure its reasonability. Therefore, the Plan protects the corporate value of the Company and the common interests of the shareholders and does not pursue the personal interests of the Company’s management.

- 1) The Plan received prior approval of the shareholders at the 171<sup>st</sup> Ordinary General Meeting of Shareholders on June 25, 2015, pursuant to the provision of Article 49 of the Company’s Articles of Incorporation.
- 2) The term of office of the Company’s directors is one (1) year and the timing of reelection is concurrent among all directors. In addition, a resolution on dismissal of directors has the same weight as that of an ordinary resolution at a General Meeting of Shareholders. Therefore, the Plan can be abolished by a resolution of the Board of Directors through the election or dismissal of directors by an ordinary resolution at a single General Meeting of Shareholders.
- 3) To secure the neutrality of judgment relating to the Plan, the Corporate Value Committee, composed only of externally adopted members of the Company’s management, shall deliberate the Acquisition Proposal, under legal obligations as the management of the Company, to determine if the proposal meets the purposes of securing and improving the Company’s corporate value and the common interests of the shareholders. It is also required that the Board of Directors make a Confirmation Resolution upon receipt of a Recommendation Resolution to that effect from the Corporate Value Committee, unless there are particular reasons that are clearly against the directors’ duty of care.
- 4) To enhance the objectivity of judgment relating to the Plan, it is required that the Corporate Value Committee issue a Recommendation Resolution toward any Acquisition Proposal that satisfies all of the requirements specified in Items [3] 4) A) through G) above.
- 5) Subject to approval at the general meeting of shareholders, the Plan can be revised every year by a resolution of the Board of Directors. This allows the Plan to adjust itself to the development of the related laws and regulations and various other business environments for the Company.
- 6) Effective from the 171<sup>st</sup> Ordinary General Meeting of Shareholders, the validity of its approval resolution is three (3) years. Upon the passage of three years, the Board of Directors will present a Plan that reflects any revisions, including on its supplementary conditions, for approval of the shareholders.
- 7) The Plan satisfies all of the requirements for legality (to avoid suspension of the issuance of subscription rights to shares, etc.) and rationality (to gain the understanding of shareholders, investors and other stakeholders) specified in the “Securing and/or Improving Corporate Value and Common Interests of Shareholders: Takeover Defense Guidelines” released on May 27, 2005, by the Ministry of Economy, Trade and Industry and the Ministry of Justice. Moreover, the Plan is in accordance with the recommendations of the June 30, 2008 report of the Ministry of Economy, Trade and Industry’s Corporate Value Study Group entitled “Takeover Defense Measures in Light of Recent Environmental Changes.”

### **(3) Policy on Dividends from Surplus**

The Company aims to meet the expectations of shareholders to distribute profits, taking into consideration the current and future profitability of its business and financial position, by undertaking the continuous payment of dividends based on a targeted payout ratio of at least 40% on a consolidated basis.

As a further return of profits to shareholders, the Company plans to pay a full-year dividend of ¥26 per share, an increase of ¥2 from the previous fiscal year. Accordingly, the Company will submit to the Ordinary General Meeting of Shareholders a proposal for the distribution of surplus to pay a year-end dividend of ¥13 per share. As a result, dividends paid are expected to increase for four consecutive terms since the fiscal year ended March 31, 2014, the fiscal year in which total dividends paid were increased instead of making adjustment to the dividend per share following the stock splits.

With the aim of raising future corporate value, the Company allocates retained earnings for aggressive strategic investment in priority fields that offer the potential for growth and expansion outlined under its new medium-term management plan, “NNI-120 II.” The Company will also adopt a more aggressive posture on dividends, and intends to conduct the purchase of treasury shares and other shareholder return-related measures flexibly by taking into account demand for funds for strategic investments and other uses.

## CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

Item	Amount	Item	Amount
<b>(ASSETS)</b>		<b>(LIABILITIES)</b>	
<b>Current assets</b>	<b>238,858</b>	<b>Current liabilities</b>	<b>89,833</b>
Cash and deposits	85,458	Notes and accounts payable – trade	40,320
Notes and accounts receivable – trade	69,584	Short-term loans payable	9,745
Securities	7,094	Income taxes payable	5,437
Inventories	64,012	Accrued expenses	18,265
Deferred tax assets	4,685	Other	16,065
Other	8,221	<b>Non-current liabilities</b>	<b>60,928</b>
Allowance for doubtful accounts	(197)	Long-term loans payable	4,967
<b>Non-current assets</b>	<b>318,709</b>	Deferred tax liabilities	26,687
<b>Property, plant and equipment</b>	<b>144,840</b>	Provision for repairs	1,509
Buildings and structures, net	55,441	Net defined benefit liability	20,881
Machinery, equipment and vehicles, net	39,296	Long-term deposits received	5,401
Land	41,447	Other	1,481
Construction in progress	4,587	<b>Total liabilities</b>	<b>150,762</b>
Other, net	4,066	<b>(NET ASSETS)</b>	
<b>Intangible assets</b>	<b>15,089</b>	<b>Shareholders' equity</b>	<b>321,154</b>
Goodwill	7,050	<b>Capital stock</b>	<b>17,117</b>
Other	8,039	<b>Capital surplus</b>	<b>12,898</b>
<b>Investments and other assets</b>	<b>158,779</b>	<b>Retained earnings</b>	<b>293,165</b>
Investment securities	151,963	<b>Treasury shares</b>	<b>(2,026)</b>
Net defined benefit asset	205	<b>Accumulated other comprehensive income</b>	<b>72,466</b>
Deferred tax assets	3,541	<b>Valuation difference on available-for-sale securities</b>	<b>65,475</b>
Other	3,191	<b>Deferred gains or losses on hedges</b>	<b>93</b>
Allowance for doubtful accounts	(122)	<b>Foreign currency translation adjustment</b>	<b>7,836</b>
		<b>Remeasurements of defined benefit plans</b>	<b>(939)</b>
		<b>Subscription rights to shares</b>	<b>175</b>
		<b>Non-controlling interests</b>	<b>13,009</b>
		<b>Total net assets</b>	<b>406,805</b>
<b>Total assets</b>	<b>557,568</b>	<b>Total liabilities and net assets</b>	<b>557,568</b>

## Consolidated Statement of Income

(For the Fiscal Year Ended March 31, 2017)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		532,040
<b>Cost of sales</b>		374,028
<b>Gross profit</b>		<b>158,012</b>
<b>Selling, general and administrative expenses</b>		132,500
<b>Operating profit</b>		<b>25,511</b>
<b>Non-operating income</b>		
Interest income	160	
Dividend income	2,393	
Share of profit of entities accounted for using equity method	1,960	
Rent income	285	
Other	319	5,119
<b>Non-operating expenses</b>		
Interest expenses	202	
Other	98	301
<b>Ordinary profit</b>		<b>30,329</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	387	
Gain on sales of investment securities	401	
Gain on sales of shares of subsidiaries and associates	1,880	2,669
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	527	
Impairment loss	958	
Loss on restructuring of production system	323	1,809
<b>Profit before income taxes</b>		<b>31,189</b>
<b>Income taxes – current</b>	<b>9,924</b>	
<b>Income taxes – deferred</b>	<b>501</b>	<b>10,426</b>
<b>Profit</b>		<b>20,763</b>
<b>Profit attributable to non-controlling interests</b>		<b>1,296</b>
<b>Profit attributable to owners of parent</b>		<b>19,466</b>

## NON-CONSOLIDATED FINANCIAL STATEMENTS

### Non-consolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

Item	Amount	Item	Amount
<b>(ASSETS)</b>		<b>(LIABILITIES)</b>	
<b>Current assets</b>	<b>45,819</b>	<b>Current liabilities</b>	<b>8,777</b>
Cash and deposits	41,530	Lease obligations	198
Accounts receivable – trade	228	Accounts payable – other	312
Prepaid expenses	167	Accrued expenses	1,528
Deferred tax assets	396	Deposits received	6,608
Income taxes receivable	2,964	Provision for directors’ bonuses	87
Other	532	Other	42
<b>Non-current assets</b>	<b>284,403</b>	<b>Non-current liabilities</b>	<b>25,984</b>
<b>Property, plant and equipment</b>	<b>23,549</b>	Lease obligations	300
Buildings	6,202	Deferred tax liabilities	21,883
Structures	511	Provision for retirement benefits	3,584
Machinery and equipment	532	Other	216
Vehicles	3		
Tools, furniture and fixtures	427	<b>Total liabilities</b>	<b>34,761</b>
Land	15,227	<b>(NET ASSETS)</b>	
Leased assets	554	<b>Shareholders’ equity</b>	<b>246,342</b>
Construction in progress	89	<b>Capital stock</b>	<b>17,117</b>
<b>Intangible assets</b>	<b>404</b>	<b>Capital surplus</b>	<b>9,768</b>
Leasehold right	143	Legal capital surplus	9,500
Software	92	Other capital surplus	268
Leased assets	108	<b>Retained earnings</b>	<b>221,475</b>
Other	59	Legal retained earnings	4,379
<b>Investments and other assets</b>	<b>260,449</b>	Other retained earnings	217,095
Investment securities	91,562	Reserve for dividends	2,000
Shares of subsidiaries and associates	129,770	Reserve for advanced depreciation of non-current assets	2,160
Investments in capital	317	General reserve	170,770
Investments in capital of subsidiaries and associates	666	Retained earnings brought forward	42,164
Long-term loans receivable from subsidiaries and associates	37,743	<b>Treasury shares</b>	<b>(2,018)</b>
Other	414	<b>Valuation and translation adjustments</b>	<b>48,943</b>
Allowance for doubtful accounts	(25)	<b>Valuation difference on available-for-sale securities</b>	<b>48,943</b>
		<b>Subscription rights to shares</b>	<b>175</b>
		<b>Total net assets</b>	<b>295,461</b>
<b>Total assets</b>	<b>330,223</b>	<b>Total liabilities and net assets</b>	<b>330,223</b>

## Non-consolidated Statement of Income

(For the Fiscal Year Ended March 31, 2017)

(Millions of yen)

Item	Amount	
<b>Operating revenue</b>		25,221
<b>Operating expenses</b>		12,572
<b>Operating profit</b>		<b>12,648</b>
<b>Non-operating income</b>		
Interest income	391	
Dividend income	1,467	
Other	29	1,888
<b>Non-operating expenses</b>		
Interest expenses	11	
Other	16	27
<b>Ordinary profit</b>		<b>14,509</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	354	
Gain on sales of investment securities	14	368
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	50	
Impairment loss	173	223
<b>Profit before income taxes</b>		<b>14,654</b>
<b>Income taxes – current</b>	<b>26</b>	
<b>Income taxes – deferred</b>	<b>19</b>	<b>45</b>
<b>Profit</b>		<b>14,608</b>

## **Reference Documents for the General Meeting of Shareholders**

### **Proposals and References**

#### **Proposal No. 1: Dividends from Surplus**

Regarding dividends from the Company's surplus, the Company wishes to meet shareholders' expectations with continuous dividends based on a dividend payout ratio of at least 40% on a consolidated basis, while taking into account its current and future earnings status and financial position.

The Company proposes the year-end dividend from the surplus for the fiscal year under review as detailed below. This will result in the annual dividend, consisting of the interim and year-end dividends, of ¥26 per share for the fiscal year ended March 31, 2017, an increase of ¥2 from the previous fiscal year.

If this proposal is approved, the Company will have achieved an increase in dividends for four consecutive fiscal years since the fiscal year ended March 31, 2014, in which an actual increase in dividends was offered through stock split without making adjustment to the dividend per share.

- (1) Type of dividend  
Cash
- (2) Matters related to the allocation of dividend and total amount thereof  
¥13 per share of the Company's common stock  
Total amount of dividends: ¥3,926,842,608
- (3) Effective date of dividend payment  
June 29, 2017

**Proposal No. 2: Election of Fifteen (15) Directors**

At the conclusion of this Ordinary General Meeting of Shareholders, the terms of office of all fourteen (14) Directors will expire.

It is proposed that fifteen (15) Directors be elected, an increase of one from the number of incumbent Directors, with a view to further reinforcing the Company’s management structure.

The candidates for Directors are as follows.

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company’s Shares Held
1	Renomination	April 1984      Joined the Company September 2011    Managing Director, Nisshin Flour Milling Inc. June 2012          Executive Officer June 2013          Director Senior Managing Director, Nisshin Flour Milling Inc. April 2015          Director and President, Nisshin Flour Milling Inc. June 2015          Managing Director April 2017          Director and President (to the present) Director and Chairman, Nisshin Flour Milling Inc. (to the present) [Director and Chairman, Nisshin Flour Milling Inc.]	32,505 shares
	Reason for selecting the candidate for Director The Company selected Mr. Nobuki Kemmoku as candidate for Director as he has a wealth of experience and excellent track record as a corporate manager, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.		
2	Renomination	April 1977      Joined the Company June 2003          General Manager (Accounting Group of Finance and Accounting Division) June 2006          General Manager (Accounting Department of Finance and Accounting Division) June 2008          Executive Officer Senior Managing Director, Nisshin Foods Inc. June 2012          Managing Director and Division Executive (Finance and Accounting Division) June 2015          Senior Managing Director and Division Executive (Finance and Accounting Division) April 2017          Director and Vice President (In charge of Corporate Planning Division, and Finance and Accounting Division) (to the present)	37,631 shares
	Reason for selecting the candidate for Director The Company selected Mr. Masao Nakagawa as candidate for Director as he has a wealth of experience and excellent track record in corporate management in general including finance and accounting, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.		



No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]		Number of the Company's Shares Held
3	Renomination	April 1976	Joined the Company	37,793 shares
	Michinori Takizawa (March 27, 1954)	July 2001	General Manager (Legal Group of General Administration Division)	
		June 2005	Executive Officer and General Manager (Legal Group of General Administration Division)	
		June 2006	Executive Officer and General Manager (Legal Department of General Administration Division)	
		June 2009	Executive Officer and General Manager (Internal Control Department)	
		July 2011	Executive Officer and Division Executive (Corporate Planning Division)	
		June 2012	Director and Division Executive (Corporate Planning Division)	
		June 2013	Managing Director and Division Executive (General Administration Division)	
		June 2015	Senior Managing Director and Division Executive (General Administration Division)	
		April 2017	Director, Vice President and Division Executive (General Administration Division)	
June 2017		Director and Vice President (In charge of General Administration Division) (to the present)		
Reason for selecting the candidate for Director				
The Company selected Mr. Michinori Takizawa as candidate for Director as he has a wealth of experience and excellent track record in corporate management in general including legal affairs, human resources and general administration, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				
4	Renomination	April 1979	Joined the Company	24,200 shares
	Takashi Harada (February 9, 1957)	June 2008	Manager (Tsurumi Plant), Nisshin Flour Milling Inc.	
		June 2009	Executive Officer Director and Manager (Tsurumi Plant), Nisshin Flour Milling Inc.	
		June 2010	Director and Division Executive (R&D and Quality Assurance Division)	
		June 2015	Managing Director and Division Executive (R&D and Quality Assurance Division)	
January 2016		Managing Director, Division Executive (R&D and Quality Assurance Division) and General Manager (R&D Promotion Department) (to the present)		
Reason for selecting the candidate for Director				
The Company selected Mr. Takashi Harada as candidate for Director as he has a wealth of experience and excellent track record in the areas including research and development as well as quality assurance, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]		Number of the Company's Shares Held
5	Renomination	April 1979	Joined the Company	15,730 shares
	Akira Mori (December 16, 1956)	June 2010	General Manager (Finance Department of Finance and Accounting Division)	
June 2012		Executive Officer and General Manager (Finance Department of Finance and Accounting Division)		
June 2013		Director and Division Executive (Corporate Planning Division)		
June 2015		Managing Director and Division Executive (Corporate Planning Division)		
April 2017	Managing Director and Division Executive (Finance and Accounting Division) (to the present)			
Reason for selecting the candidate for Director				
The Company selected Mr. Akira Mori as candidate for Director as he has a wealth of experience and excellent track record in the areas including accounting, finance and corporate planning, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				
6	Renomination	April 1983	Joined the Company	14,641 shares
	Satoshi Odaka (November 18, 1958)	June 2007	General Manager (Technology and Engineering Department of Technology and Engineering Division)	
		April 2012	Director and Division Executive (Production Division), Nisshin Flour Milling Inc.	
		June 2012	Executive Officer	
June 2015	Director and Division Executive (Technology and Engineering Division) (to the present)			
Reason for selecting the candidate for Director				
The Company selected Mr. Satoshi Odaka as candidate for Director as he has a wealth of experience and excellent track record in the areas including production management and technology development, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
7	Renomination	<p>April 1978      Joined Oriental Yeast Co., Ltd.</p> <p>June 2003      Director and General Manager (Life Science Department of Bio Business Division), Oriental Yeast Co., Ltd.</p> <p>June 2005      Director and Division Executive (Bio Business Division), Oriental Yeast Co., Ltd.</p> <p>June 2007      Managing Director and Division Executive (Food Business Division), Oriental Yeast Co., Ltd.</p> <p>June 2009      Managing Director (In charge of Operations &amp; Planning Division), Oriental Yeast Co., Ltd.</p> <p>June 2011      Director and President, Oriental Yeast Co., Ltd. (to the present)</p> <p>June 2012      Director (to the present)</p> <p>[Director and President (Representative Director), Oriental Yeast Co., Ltd.]</p>	35,090 shares
	Masashi Nakagawa (February 19, 1955)		
Reason for selecting the candidate for Director			
The Company selected Mr. Masashi Nakagawa as candidate for Director as he has a wealth of experience and excellent track record in management of the yeast and biotechnology business, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.			
8	Renomination	<p>April 1983      Joined the Company</p> <p>June 2011      Director and General Manager (Tokyo Sales Department), Nisshin Flour Milling Inc.</p> <p>June 2012      Executive Officer</p> <p>June 2013      Director (to the present)</p> <p>                    Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc.</p> <p>April 2015      Senior Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc.</p> <p>April 2017      Director and President, Nisshin Flour Milling Inc. (to the present)</p> <p>[Director and President (Representative Director), Nisshin Flour Milling Inc.]</p>	15,246 shares
	Takao Yamada (September 27, 1960)		
Reason for selecting the candidate for Director			
The Company selected Mr. Takao Yamada as candidate for Director as he has a wealth of experience and excellent track record in the area of sales operation in flour milling business, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.			

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
9	Renomination  Kiyoshi Sato (August 19, 1956)	<p>April 1979      Joined the Company</p> <p>June 2008      Director and General Manager (Business Development Department), Nisshin Pharma Inc.</p> <p>February 2010    Director, Division Executive (Research and Development Division) and General Manager (Business Development Department), Nisshin Pharma Inc.</p> <p>June 2014      Director (to the present) Director and President, Nisshin Pharma Inc. (to the present)</p> <p>[Director and President (Representative Director), Nisshin Pharma Inc.]</p>	25,410 shares
Reason for selecting the candidate for Director			
The Company selected Mr. Kiyoshi Sato as candidate for Director as he has a wealth of experience and excellent track record in management of the healthcare foods business and raw materials for pharmaceuticals business, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.			
10	Renomination Outside Director Independent Director  Akio Mimura (November 2, 1940)	<p>April 1963      Joined Fuji Iron &amp; Steel Co., Ltd.</p> <p>June 1993      Director, Nippon Steel Corporation (NSC)</p> <p>April 1997      Managing Director, NSC</p> <p>April 2000      Representative Director and Executive Vice President, NSC</p> <p>April 2003      Representative Director and President, NSC</p> <p>June 2006      Audit &amp; Supervisory Board Member</p> <p>April 2008      Representative Director and Chairman, NSC</p> <p>June 2009      Director (to the present)</p> <p>October 2012    Director and Senior Advisor, Nippon Steel &amp; Sumitomo Metal Corporation</p> <p>June 2013      Senior Advisor, Nippon Steel &amp; Sumitomo Metal Corporation</p> <p>November 2013    Senior Advisor and Honorary Chairman, Nippon Steel &amp; Sumitomo Metal Corporation (to the present)</p> <p>[Senior Advisor and Honorary Chairman, Nippon Steel &amp; Sumitomo Metal Corporation] [Chairman, The Japan Chamber of Commerce and Industry] [Chairman, The Tokyo Chamber of Commerce and Industry] [Outside Director, Development Bank of Japan Inc.] [Outside Director, Innovation Network Corporation of Japan] [Outside Director, Tokio Marine Holdings, Inc.] [Outside Director, Japan Post Holdings Co., Ltd.]</p>	26,620 shares
Reason for selecting the candidate for Outside Director			
The Company selected Mr. Akio Mimura as candidate for Outside Director as he currently provides appropriate advice and supervision over the Company's business execution, based on his wealth of experience and broad-based insight as corporate executive, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.			

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]		Number of the Company's Shares Held
11	Renomination Outside Director Independent Director  Kazuhiko Fushiya (January 26, 1944)	April 1967 July 1996 June 1998 July 1999 July 2001 July 2002 January 2006 February 2008 January 2009 June 2009 June 2015	Joined the Ministry of Finance (MOF) Director-General of the Financial Bureau, MOF Director-General of the Financial Planning Bureau, MOF Commissioner, National Tax Agency Deputy Governor, National Life Finance Corporation Assistant Chief Cabinet Secretary Commissioner, Board of Audit of Japan Commissioner (President), Board of Audit of Japan Retired Audit & Supervisory Board Member Director (to the present) [Chairman, The Institute of Internal Auditors - Japan]	0 shares
	Reason for selecting the candidate for Outside Director  The Company selected Mr. Kazuhiko Fushiya as candidate for Outside Director as he currently provides appropriate advice and supervision over the Company's business execution, based on a wealth of experience and high-level expertise gained through his career in the Ministry of Finance and other governmental organizations where he held important positions, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value. Although Mr. Fushiya has no experience in participating directly in corporate management, except by serving as Outside Director or Outside Audit & Supervisory Board Member, he is believed, for the aforementioned reasons, capable of adequately fulfilling the duties of Outside Director.			
12	New candidate  Masashi Koike (August 6, 1957)	April 1980 June 2009 June 2013 July 2013 April 2017	Joined the Company General Manager (Legal Department of General Administration Division) Executive Officer and General Manager (Legal Department of General Administration Division) Executive Officer and Deputy Division Executive (Corporate Planning Division) Executive Officer and Division Executive (Corporate Planning Division) (to the present)	7,865 shares
	Reason for selecting the candidate for Director  The Company selected Mr. Masashi Koike as candidate for Director as he has a wealth of experience and excellent track record in the areas of corporate planning, overseas business and legal affairs, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.			

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]		Number of the Company's Shares Held
13	New candidate	April 1983	Joined the Company	12,881 shares
	Naoto Masujima (September 11, 1960)	June 2009	General Manager (Investor Relations Office of Corporate Planning Division)	
December 2012		General Manager ((Overseas Business Development) of Corporate Planning Division)		
July 2013		General Manager (GS (Globalization) of Corporate Planning Division)		
June 2014		Executive Officer, GS (Globalization) of Corporate Planning Division, and General Manager (China Business Development Office of Corporate Planning Division)		
June 2015		Director, General Manager (Corporate Planning Department) and Division Executive (Overseas Business Division), Nisshin Flour Milling Inc.		
June 2016		Managing Director, General Manager (Corporate Planning Department) and Division Executive (Overseas Business Division), Nisshin Flour Milling Inc.		
June 2017	Executive Officer and Division Executive (General Administration Division) (to the present)			
Reason for selecting the candidate for Director				
The Company selected Mr. Naoto Masujima as candidate for Director as he has a wide range of experience and excellent track record in the areas of investor relations, corporate planning and overseas business, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				
14	New candidate	April 1983	Joined the Company	9,031 shares
	Yuji Koike (January 16, 1960)	September 2011	General Manager (Retail Product Sales Department of Sales Division), Nisshin Foods Inc.	
		June 2012	General Manager (Kansai Sales Department), Nisshin Foods Inc.	
		April 2014	General Manager (Sales Control), Nisshin Foods Inc.	
June 2014	Executive Officer (to the present) Director and President, Nisshin Petfood Inc. (to the present)			
Reason for selecting the candidate for Director				
The Company selected Mr. Yuji Koike as candidate for Director as he has a wealth of experience and excellent track record as a business manager, along with extensive expertise in the area of sales operation in processed food business, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
15	New candidate  Kenji Takihara (February 3, 1966)	<p>April 1988      Joined the Company</p> <p>June 2009      Group Leader (Operations &amp; Planning Group of Operations &amp; Planning Division), Nisshin Flour Milling Inc.</p> <p>November 2009      Group Leader (Operations &amp; Planning Group of Operations &amp; Planning Division) and Group Leader (Overseas Business Group of Operations &amp; Planning Division), Nisshin Flour Milling Inc.</p> <p>June 2010      Group Leader (Operations &amp; Planning Group of Operations &amp; Planning Division), Nisshin Flour Milling Inc.</p> <p>June 2013      Director and Division Executive (Operations &amp; Planning Division), Nisshin Flour Milling Inc. (to the present)</p> <p>June 2016      Executive Officer (to the present) [Director, Nisshin Flour Milling Inc.] [Outside Director, Japan Logistic Systems Corp.]</p>	24,860 shares
Reason for selecting the candidate for Director			
The Company selected Mr. Kenji Takihara as candidate for Director as he has a wealth of experience and excellent track record in the flour milling business, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.			

- Notes: 1. No actual conflict of interest exists between the Company and any of the above candidates.
2. Mr. Yuji Koike is scheduled to resign from the office of Director and President (Representative Director) of Nisshin Petfood Inc. at the conclusion of its Ordinary General Meeting of Shareholders to be held in June 2017. He is scheduled to take office as Director and President (Representative Director) of Nisshin Foods Inc. on June 28, 2017.
3. Information on candidates for Outside Directors
- (1) Both Mr. Akio Mimura and Mr. Kazuhiko Fushiya are candidates for Outside Directors. The Company selects them as Independent Directors due to them both satisfying the "Independent Standards of Outside Directors and Audit & Supervisory Board Members," which are stipulated by the Company based on the requirements for independent directors/audit & supervisory board members set forth by the Tokyo Stock Exchange (and posted on the Company's website ([http://www.nisshin.com/english/shareholders/pdf/cg\\_is.pdf](http://www.nisshin.com/english/shareholders/pdf/cg_is.pdf)) and has provided the necessary notification thereto.
- (2) Mr. Akio Mimura is currently an Outside Director for the Company, whose term in office will be about eight years at the time of the conclusion of this Ordinary General Meeting of Shareholders. Furthermore, he was an Outside Audit & Supervisory Board Member for the Company before his appointment as an Outside Director and so has been with the Company for about eleven years since his appointment as an Outside Audit & Supervisory Board Member.
- (3) Mr. Kazuhiko Fushiya is currently an Outside Director for the Company, whose term in office will be about two years at the time of the conclusion of this Ordinary General Meeting of Shareholders. Furthermore, he was an Outside Audit & Supervisory Board Member for the Company before his appointment as an Outside Director and so has been with the Company for about eight years since his appointment as an Outside Audit & Supervisory Board Member.
- (4) Under the provision of Article 427, Paragraph 1 of the Companies Act, the Company has concluded liability limitation agreements with both Mr. Akio Mimura and Mr. Kazuhiko Fushiya which limit the amount of liability for damages set forth in Article 423, Paragraph 1 thereof, to the sum of the amount set forth in each item of Article 425, Paragraph 1 thereof, provided that their duties are performed in good faith and without gross negligence on their part.

**Proposal No. 3: Election of One (1) Audit & Supervisory Board Member**

At the conclusion of this Ordinary General Meeting of Shareholders, the term of office of Audit & Supervisory Board Member Mr. Yasuhiko Masaki will expire.

Therefore, we propose that one Audit & Supervisory Board Member be elected.

Furthermore, we have received consent from the Audit & Supervisory Board concerning this proposal.

The candidate for Audit & Supervisory Board Member is as follows.

Name (Date of Birth)	Career Summary and Position in the Company [Significant Positions Concurrently Held]		Number of the Company's Shares Held
New candidate  Yukihiro Kumazawa (July 24, 1955)	April 1979 June 2011 June 2014	Joined the Company Assistant General Manager (Internal Control Department) General Manager (Internal Control Department) (to the present)	2,000 shares
Reason for selecting the candidate for Audit & Supervisory Board Member  The Company selected Mr. Yukihiro Kumazawa as candidate for Audit & Supervisory Board Member, as he has a wealth of experience and excellent track record in the area of internal control and auditing work, and thus is considered to qualify for the office of Audit & Supervisory Board Member to make appropriate judgment on Directors' execution of duties from an objective standpoint.			

- Notes: 1. No actual conflict of interest exists between the Company and the above candidate.
2. Under the provision of Article 427, Paragraph 1 of the Companies Act, the Company is planning to conclude a liability limitation agreement with Mr. Yukihiro Kumazawa which limits the amount of liability for damages set forth in Article 423, Paragraph 1 thereof, to the sum of the amount set forth in each item of Article 425, Paragraph 1 thereof, provided that his duties are performed in good faith and without gross negligence on his part.



**Proposal No. 4: Election of Independent Auditor**

As the term of office of the Company's Independent Auditor, Ernst & Young ShinNihon LLC, will expire at the conclusion of this Ordinary General Meeting of Shareholders, it is proposed to approve the appointment of Deloitte Touche Tohmatsu LLC as Independent Auditor, which is based on the decision of the Audit & Supervisory Board.

The Audit & Supervisory Board selected Deloitte Touche Tohmatsu LLC as the candidate for the Company's independent auditor, as it believes, following a comprehensive review based on the Company's own criteria for selecting and evaluating Independent Auditors, given the candidate's qualities including degree of independence, quality management framework and global audit framework, as well as taking into consideration the number of consecutive years of service by the incumbent Independent Auditor, that Deloitte Touche Tohmatsu LLC can provide auditing service from a new perspective.

The candidate for Independent Auditor is as follows.

(As of March 31, 2017)

Name	Deloitte Touche Tohmatsu LLC	
Address of principal office	Shinagawa Intercity, 2-15-3 Konan, Minato-ku, Tokyo	
History	May 1968	Tohmatsu Awoki & Co. established
	May 1975	Joined Touche Ross International alliance (currently Deloitte Touche Tohmatsu Limited)
	February 1990	Changed company name to Tohmatsu & Co.
	July 2009	Changed company name to Deloitte Touche Tohmatsu LLC following conversion to a limited liability company
Outline	Capital stock:	¥933 million
	Staff composition :	
	Partners (certified public accountants)	530
	Specified partners	49
	Staff who are certified public accountants	2,770
	Staff who have passed certified public accountant examination (including assistant certified public accountants)	1,235
	Other professional staff	1,566
	Support staff	546
Total	6,696	
	Number of audit clients (as of September 30, 2016) :	3,427

**Proposal No. 5: Revision of the Annual Aggregate Limit of Remuneration for Directors**

The aggregate amount of remuneration for Directors of the Company was capped at 350 million yen per annum based on the resolution at the 162<sup>nd</sup> Ordinary General Meeting of Shareholders, held on June 28, 2006, which has remained in force to date. However, in view of the changes in economic circumstances meanwhile, along with the need for further reinforcement of the management structure, it is proposed that this aggregate limit be revised to 400 million yen per annum (including 30 million yen per annum for Outside Directors).

In addition, shareholders are also requested to approve the resolution that the aforementioned aggregate amount of remuneration for Directors not include the portion of salary paid to Directors concurrently serving as employees for their performance of duties as employees, as before.

Currently the Board of Directors of the Company comprises fourteen (14) Directors (including two Outside Directors). If Proposal No. 2 is approved as originally proposed, the number of Directors will be fifteen (15) (including two Outside Directors).

**Proposal No. 6: Decision on Amount and Details of Stock-Based Remuneration for Directors**

The remuneration for the Directors of the Company is composed of “fixed basic portion,” “variable performance-based portion (bonus)” and “stock options.” This proposal is to request an approval of the introduction of a new stock-based remuneration plan (the “Plan”) for the Directors of the Company.

The proposal is intended to improve motivation of the Directors to contribute to enhanced medium- to long-term corporate value and the awareness of management with an emphasis on the shareholders through the interests of the Directors aligned with those of the shareholders. The Company therefore believes the Plan merits adoption. Subject to the approval of the introduction of the Plan, the Company will not newly issue subscription right to shares as stock options.

This proposal is to request approval to provide a stock-based remuneration to the Directors of the Company, separately from the maximum amount of remuneration to the Directors (up to 400 million yen a year, but excluding salary received by the Directors who serve concurrently as employees for their performance of duties as employees), for which the Company is seeking an approval of Proposal No. 5 “Revision of the Annual Aggregate Limit of Remuneration for Directors.”

The prospective number of Directors who will receive the remuneration under this Plan will be fifteen (15) (including two Outside Directors), if Proposal No. 2 “Election of Fifteen (15) Directors” is approved as originally proposed.

## Amount and Other Terms and Conditions of Remuneration under the Plan

### (1) Outline of the Plan

The Plan is a stock-based remuneration plan under which the Company shares (the “Share Granting Portion”), which are calculated by a specific calculation method (as stated in (3) below), and cash for tax purpose (the “Monetary Payment Portion”) are granted and vested each year in accordance with the Stock Remuneration Base Amount set out according to the positions and other factors of the Directors (as stated in (2) and thereafter). The Company shares for the Share Granting Portion are acquired through a Trust (as defined in (2) below) using the amount of money that Company will contribute to the Trust as the Director’s remuneration, and are vested with the Directors through the Trust.

[1] Persons who are entitled to the Company shares under this proposal	<ul style="list-style-type: none"> <li>• Directors of the Company</li> </ul>
[2] Number, etc. of the Company shares that will be vested under this proposal	
Maximum amount of sum of the amount to be contributed by the Company to the Trust and the Monetary Payment Portion (for the Directors of the Company, as stated in (3) below)	<ul style="list-style-type: none"> <li>• A total of 300 million yen for consecutive three-year period (equivalent to 100 million yen per year)</li> </ul>
Maximum number of Company shares to be vested with the Directors, and the acquisition method of the Company shares by the Trust (as stated in (3) below)	<ul style="list-style-type: none"> <li>• 350 thousand shares in total for consecutive three-year period (approximately 0.12% of the total number of issued shares (as of March 31, 2017, after deducting treasury shares))</li> <li>• The Trust acquires the Company shares from the stock market or the Company (by disposal of treasury shares or issuance of new shares)</li> </ul>
[3] Timing of vesting of Company shares to the Directors, and restriction on transfer (as stated in (4) below)	<ul style="list-style-type: none"> <li>• For the Company shares vested each year through the Plan, a transfer restriction period (a period where transfer, creation of security interest or any other disposal is prohibited) of three years from vesting will be established.</li> </ul>

### (2) Establishment of Trust

The Company will establish a trust (which includes a provision for the extension of trust period, per the following paragraph) whose beneficiaries are Directors satisfying specific requirements and whose term of trust is approximately three years, by contributing the money necessary for the Plan, within the maximum amount approved by this Ordinary General Meeting of Shareholders, and for each three consecutive years (the initial period shall be the period of three years from the conclusion of this Ordinary General Meeting of Shareholders until the conclusion of the Ordinary General Meeting of Shareholders to be held in June 2020, and, if the Plan is continued as per the following paragraph, then three years thereafter, hereinafter referred to as the “Covered Period”) (such trust shall be referred to as the “Trust”). The Trust will acquire the Company shares corresponding to the Share Granting Portion (as stated in (3) below) from the stock market or the Company (by disposal of treasury shares or issuance of new shares), using the trust money contributed by the Company, and in accordance with the instructions of the trust administrator. Directors will be granted the share granting points (as stated in (3) below) and be vested the Company shares during the Covered Period.

At the expiration of the term of the Trust, the term of the Trust may be extended for another three years and the Plan may be continued by amending the Trust agreement and entrusting additional money. In the case

of continuing the Plan, the remaining shares may also be utilized in the trust with substantively the same purpose as the Trust. If so, the three years from the conclusion of the Ordinary General Meeting of Shareholders held in the year in which the Plan was continued will be the new Covered Period. For each extended Covered Periods, the Company will make contributions of the money required for the Plan, in the maximum amount approved by this Ordinary General Meeting of Shareholders, and will continue granting share granting points and vesting Company shares with the Directors.

(3) Calculation Method and Maximum Number, etc. of Company Shares to be Vested with the Directors

The Stock Remuneration Base Amount (\*1) will be determined for each Director depending on their positions and other factors. Further, [1] the Share Granting Portion and [2] the Monetary Payment Portion will be determined based on the Stock Remuneration Base Amount.

(\*1) The Stock Remuneration Base Amount will be decided by considering factors such as the responsibilities and details of the duties of the Directors, as well as balance to other monetary remuneration, so as to function appropriately as a mid- to long-term incentive plan.

[1] For the Share Granting Portion, share granting points calculated by the formula below will be granted to the incumbent Directors on a specified date of each year during the Covered Period. The Directors who satisfy the beneficiary conditions will be vested one Company share per one share granting point on a specified date of the same year (\*2).

$$\text{Share granting points (*3)} = (\text{Stock Remuneration Base Amount} \times \text{Share granting ratio (*4)}) / \text{Average acquisition cost per one share in such year}$$

(\*2) See \*5 below.

(\*3) Fractions less than the points equivalent to minimum trading units shall be disregarded.

(\*4) The share granting ratio shall be 70% or more and 100% or less.

The maximum number of Company shares to be vested with the Directors as the Share Granting Portion under the Plan will be 350 thousand shares for each Covered Period (three years) (\*5, \*6, \*7) (such maximum number is approximately 0.12% of the total number of issued shares (after deducting treasury shares), as of March 31, 2017).

(\*5) If a share split, allocation of shares without compensation, consolidation of shares or other similar events occur to the Company shares during the Covered Period, the share granting points and maximum number of shares will be adjusted through a reasonable method.

(\*6) This maximum number of shares includes the number of Company shares to be vested with the Outside Directors of the Company under this Plan. The maximum number of shares to be vested per Outside Director will be the number of Stock Remuneration Base Amount per Outside Director (see \*9 below) multiplied by the share granting ratio, and divided by the average acquisition costs for shares vested in such year.

(\*7) If the calculated vested shares exceed the maximum number of shares, such exceeded amount will not be vested with the Directors, and accordingly the money equivalent to such exceeded shares shall also not be provided as the Monetary Payment Portion stated in [2] below.

[2] For the Monetary Payment Portion, it shall be calculated as follows.

$$\text{Amount of monetary payment} = \text{Stock Remuneration Base Amount} - (\text{Number of vested shares} \times \text{Average acquisition cost per one share in such year})$$

[3] The maximum amount of sum of the amount to be contributed to the Trust by the Company (\*8) and the Monetary Payment Portion under this Plan shall be a total of 300 million yen for Directors for each Covered period (three years, equivalent to 100 million yen per year) (\*9).

(\*8) Amount contributed to the Trust includes the acquisition cost for shares to be vested to the Directors, as well as the trust fees and trust expenses.

(\*9) Out of this maximum amount, the maximum amount of Stock Remuneration Base Amount for the Outside Directors shall be 3 million yen per Outside Director for each Covered Period (equivalent to 1 million yen per year per person).

(4) Transfer Restriction Period

For the Company shares vested with the Directors under the Plan each year, a transfer restriction period (a period where transfer, creation of security interests or any other disposal is prohibited) of three years from vesting will be established based on the share vesting rules (\*10).

(\*10) If an illegal act or other misconduct occurs during the transfer restriction period, such Director may be required to make monetary compensation equivalent to the confiscated vested shares that are subject to the transfer restriction.

(5) Treatment of Voting Rights Related to the Company Shares under the Trust

Voting rights related to the Company shares under the Trust shall not be exercised during the Trust term to ensure the neutrality of the Company management.

(6) Treatment of Dividends of the Company Shares under the Trust

Dividends paid to the Trust with respect to the Company shares under the Trust will be allocated to trust fees and trust expenses.

(7) Other Details of the Plan

Other details of the Plan may be determined by the Board of Directors when the Trust is established, and whenever the Covered Period is extended, the Trust agreement is amended or additional money is contributed to the Trust.

(Reference)

Other than the provision of stock-based remuneration to the Company's Directors of which the Company requests an approval, the Company also plans to provide stock-based remuneration to the Executive Officers of the Company (prospective numbers will be ten as of the date of this Ordinary General Meeting of Shareholders), as well as the Directors of the major subsidiaries of the Company (prospective numbers will be thirty four as of the date of this Ordinary General Meeting of Shareholders), such as Nisshin Flour Milling Inc. and Nisshin Foods Inc. Regarding all persons entitled to the stock-based remuneration, for each Covered Period (three years), 840 million yen is planned to be the maximum amount of sum of the amount to be contributed to the Trust and the Monetary Payment Portion, and the maximum number of shares to be vested is planned to be 800 thousand shares (such maximum number of shares is approximately 0.26% of the total number of issued shares as of March 31, 2017 (after deducting treasury shares)). If any Director of the Company concurrently serves as an Executive Officer of the Company or the Director of a subsidiary, the Company shares to be vested with them shall be limited within the maximum number of shares for which the Company requests an approval by this proposal (350 thousand shares for each Covered Period (three years), as stated above).

Please see the "Introduction of the New Stock-Based Remuneration Plan for Directors and Other Officers of the Company" (press release dated May 12, 2017) for the details of the stock-based remuneration plans including the Plan.

End