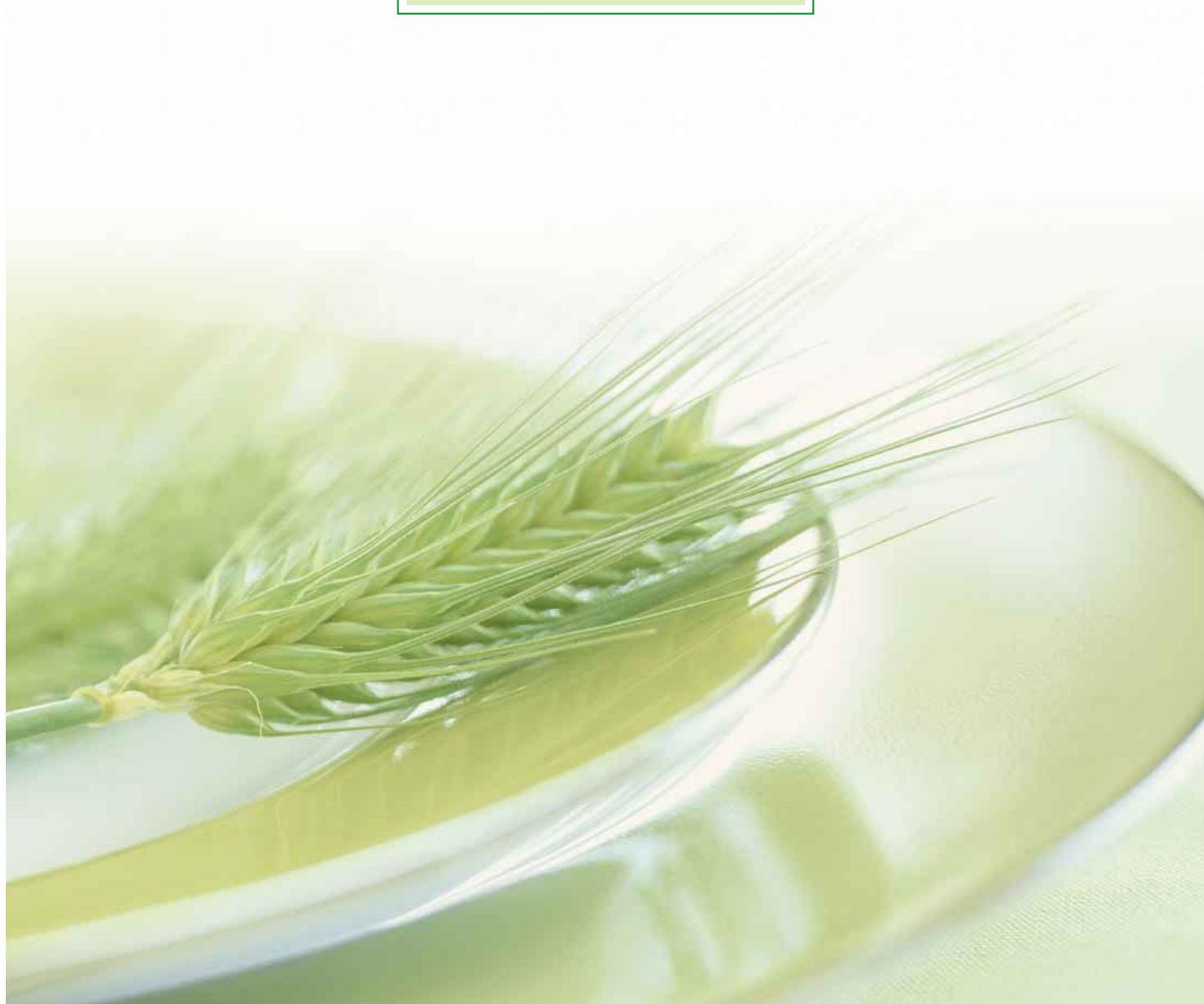




Social &
Environmental
Report

2005

Abridged Version



Contributing to a Healthy and Fruitful Life for All

How the Nisshin Seifun Group contributes to social development

Ever since its establishment, the Nisshin Seifun Group has been committed to contributing to the development of society to carrying on the aspirations of its founder, Teiichiro Shoda. The company has always conducted its business in a manner consistent with the era in which it operates. Its guiding corporate philosophies are "the basis of business is built on trust", and being "in tune with the changing climate" and it endeavours to achieve company-wide ownership of its corporate principle of "contributing to a healthy and fruitful life for all." As a food company it is incumbent upon us to ensure food safety, environmental preservation and full corporate ethical and legal compliance if we are to maintain the trust we have earned in the past.

The Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines have been established to enable us to conduct our business responsibly and in compliance with the relevant laws and regulations. We are working diligently to that end by conducting company-wide awareness-raising activities, which include training sessions to ensure employees correctly understand the content of these guidelines and put them into practice. In addition, the company is continuing to develop and improve its organizational structure in order to fulfil the Group's overall social responsibilities by employing talented people with a view to fostering future business executives, and reviewing and strengthening the Group's intellectual property strategies.

Safety and Quality Assurance

The first priority of the Nisshin Seifun Group lies in product safety and quality assurance. We are dedicated to delivering to our customers safer products with increased reliability by establishing a quality assurance system based on a consumer perspective, by ensuring traceability, and by strengthening our quality control system, including risk management.

Continuing to protect our irreplaceable global environment

We are acutely aware of our responsibility to pass on our irreplaceable planet to the next generation in as whole and unspoiled a condition as possible. To this end, we are actively promoting environmental preservation measures including the reduction of waste and carbon dioxide emissions, as well as energy conservation.

Constantly faithful to our stakeholders' trust

Through our commitment to society, safety and the environment, we will fulfil our corporate social responsibilities and raise the corporate value of the Group so as to continue to earn the trust of all our stakeholders - shareholders, customers, business partners, and employees, and of local communities as a whole.



Hiroshi Hasegawa
President,
Nisshin Seifun Group Inc.

長谷川 浩嗣

Corporate Principle

The Nisshin Seifun Group is expanding globally in the lifestyle industries under a corporate principle of "contributing to a healthy and fruitful life for all" which is founded on the guiding philosophies of "the basis of business is built on trust" and to be "in tune with the changing climate".

A Century of Unflinching Commitment

The company's guiding philosophy, introduced by its founder Teiichi Shoda, that "the basis of business is built on trust" is a fundamental principle that has been at the core of all our operations from the beginning. "We do not earn God's blessing by just making a profit. In conducting a business, we must give adequate consideration to serving society, doing our best for shareholders and enhancing the well-being of our employees" (from a speech by Teiichi Shoda at the company's 50th anniversary celebration). Every employee has taken these aspirations to heart, and for the last century the entire company has conducted business in a way that has both met customer expectations and been of benefit to society. These aspirations have remained unchanged since the days of the Tatebayashi Flour Milling Co., Ltd., the predecessor of The Nisshin Seifun Group.



Book Calligraphy by Teiichi Shoda "The basis of business is built on trust"

Contributing to social development through a stable food supply.

Tatebayashi Flour Milling Co., Ltd. was established in 1900 in the city of Tatebayashi in Gunma Prefecture, one of the leading wheat-producing regions of Japan. At a time when nearly all wheat flour consumed was imported, Teiichi Shoda embarked on a mechanical flour milling business in order to provide Japanese households with wheat flour of as high a quality as that produced overseas.

The company's efforts since that time to provide a stable supply of flour played an important role in the modernization of Japan.



Tatebayashi Seifun (Flour Milling) Co. Inauguration Ceremony, 1901

Ensuring food safety and peace of mind

During the 1990s, a series of events occurred that forced us to rethink food safety. The QE Center, set up in 1998 to respond to contemporary social requirements, conducts safety audits on new raw materials and new products, gives advice based on the audit results and strives to ensure food safety and security through the rigorous application of quality control.

Responding to consumers and social requirements

Consumer input is an essential element in the pursuit of food safety and security. With this in mind, the Group established in 1973 a Food Consumer Center (currently the Customer Relations Office). This Customer Relations Office feeds back consumer opinion to reinforce the efficacy of our quality assurance. In recent years, an increased focus on shareholder value has led to the establishment of an Investor Relations Office. Furthermore, during the escalating energy crisis of the 1980s, the Group promptly set up an Energy Conservation Promotion Committee. We took advantage of the subsequent group-wide engagement with saving energy to strengthen our environmental management system. In 1998, we formulated our Basic Environment Policy and Environment Protection Voluntary Action Plan and have continued to engage in environment preservation activities.

Our social responsibility evaluated

Our various endeavours are evaluated and incorporated into an SRI (Socially Responsible Investment) index. The Nisshin Seifun Group Inc. was selected for three consecutive years in 2003, 2004 and 2005 as one of the FTSE4 Good Index brands, a globally-recognized SRI index developed by the British FTSE company. Our group has also been identified by organizations such as Somo Japan Green Open and the Morningstar SRI Index (as of June 2005).



FTSE 4 Good Index Registration Certificate

Our promise for the future

We stand committed to contributing to a healthy and rewarding future in the 21st century by fulfilling our corporate social responsibilities through a broader expansion of our food business. We will continue to base our business activities on the fundamental principles faithfully practiced since our inauguration, ensuring that the relationship of trust built with our stakeholders for over a hundred years endures unbroken.

The Nisshin Seifun Group Corporate Code of Conduct

- Sound business activities and enduring business expansion
- Developing and supplying secure, safe, high quality products and services
- Respect for human dignity
- Compliance with social norms and promotion of fair business activities
- Promotion of good public relations
- Promotion of environmental protection
- Promotion of activities contributing to society
- Promotion of locally entrenched overseas businesses
- Managerial responsibility in the implementation of this code

Implementation of this code of conduct and principles.

The president and directors of each member company in the Nisshin Seifun Group, starting with Head Office, recognize that it is their personal responsibility to implement this code of conduct, and leading by example will share this commitment with all concerned. They will listen at all times to internal and external opinion to create an effective corporate system while ensuring full compliance with corporate ethics. In the event that this code of conduct or principles is breached, the presidents of each group company will declare, both within the company and externally, their own commitment to solving the problem by elucidating the cause and preventing recurrence of that breach. They will exercise their accountability to society through the swift and accurate disclosure of information, and once the limits of authority and responsibility have been established will impose strict and appropriate penalties, on themselves included.

Quality Assurance and Product Safety

Food safety: our primary responsibility

The Nisshin Seifun Group has established internal Product Safety Management Regulations and Food Hygiene Management Regulations based on our Quality Assurance Regulations. In this way, we assure quality from the consumer perspective throughout every phase of product development, from design, manufacture, production and storage to distribution, sales and service.

Process control and improvement

Since 1996, all our plants have successively gained certification under international quality management standards (the ISO 9000 Series), with the objective of improving quality control levels. To assure the product safety of foods such as frozen foods and ham, we have additionally introduced a HACCP [Hazard Analysis and Critical Control Point] system and instituted an integrated hygiene management and manufacturing process. Three plants have now been certified and registered.

AIB¹ Good Manufacturing Practice (GMP) audits were conducted at the Nisshin Foods Tatebayashi Plant, Nisshin Flour Milling's Chita Plant and Nisshin Grain Silo's Chita Works in January 2005 and at the Nisshin Flour Milling's Tsurumi Plant in March 2005. All received a top evaluation.

Currently Nisshin Flour Milling is working towards having all its plants gain ISO22000² accreditation

¹ AIB American Institute of Baking: conducts Good Manufacturing Practice audits for the purpose of preventing food product incidents.

² ISO22000: specializing in food product, these are safety management system regulations that incorporate inter-related communication in the food chain, and HACCP principles

Dialogue with consumers

The Nisshin Foods Customer Relations Office³ reviews our new and relaunched products from the consumer perspective before they go on sale. Its job is to check whether aspects such as product labelling, cooking method and recipe photos are all readily understandable, or whether the instructions might lead to a misunderstanding. A Quality Improvement Committee meets monthly to reflect the customer's voice further in product improvement. In FY 2004, 42 recommendations were made to our business divisions.

*3 Customer Relations Office

We take customer views, proposals and enquiries very seriously. We provide prompt and considerate response to our customers and feed back their views to the company. These are then incorporated in the development and improvement of products and services.

Representative product improvements

Based on comments from customers we have improved our labelling.

In response to comments that it was difficult to know if an antioxidant sachet was enclosed or not, the label was repositioned and resized

After the change, the number of comments dropped to half that of the previous year.



VIEW POINT "Thinking of our own families as consumers"

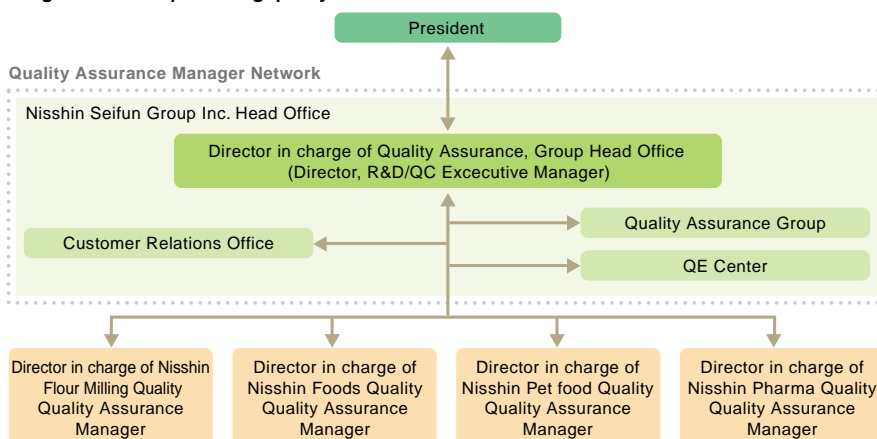


Ryuichi Suzuki,
Quality Assurance
Manager,
QA Department,
Nisshin Flour Milling Inc.

As a Quality Assurance Manager, my responsibility is to deliver safe products. The attitude of the employees working in our plants is critical if our customers are to feel secure and confident. Even if plants have been installed with state-of-the-art equipment, as long as the employees who have access to them are not observing proper hygiene we can never provide that sense of security. We visit companies that use the flour we produce to ask these customers what they feel about our products. Seeing with our own eyes the process by which the finished product is produced with a high level of awareness of hygiene management also increases our motivation regarding food hygiene.

Our commitment to food safety and security is such that we can proudly say to our own children, "Look, the Tsurumi Plant makes the world's finest and safest wheat flour."

Organization for promoting quality assurance



Responsibility to Society;

Dialogue with Shareholders, Investors and Business Partners

Timely, accurate and ongoing information disclosure

We do our best to make timely, accurate and continuous disclosure of information at annual shareholders' meetings and to offer financial results briefings for analysts. Through our Web site, we endeavor to invite our shareholders and investors to understand, evaluate and trust our Group's business.



Financial results briefing for analysts

Implementing appropriate profit sharing

In accordance with our basic policy of maximizing long-term corporate value, we have endeavored to return an appropriate level of profits through dividend increases, repurchased stock depreciation and stock splits. We will continue to raise our corporate value by making internal reserves available for strategic investments in areas with growth opportunities. At the same time we will share profits with our shareholders from a long-term investment perspective.

Promoting fair corporate dealings

The Corporate Code of Conduct of the Nisshin Seifun Group advocates the promotion of fair corporate activities. In every field, from production to sales and purchasing, employees will abide by the Anti-Monopoly Law and work towards co-existence and co-prosperity with our business partners through sustainable growth based on mutual trust, built on principles of fair and free competition and good communication.



Wrapping Workshop

Working with business partners to create new values in our food culture : the Creative Food Club

To facilitate direct communication with our business partners, in 2001 the Nisshin Seifun Group set up a members-only community Creative Food Club. This consists of an IT-based interactive communication system and a call-center-style consultation service through which we provide up-to-date information.

Fourteen companies participate in the Creative Food Club, representing industries such as oils and fats, sugar, yeast, ham, buckwheat flour and packaging materials. Members include wholesalers and retail stores, noodle restaurants, retail bakeries, western-style cake shops and Japanese confectioners. We take advantage of the strengths of participating manufacturers to develop a broad range of activities, from the dissemination of information such as manufacturing methods and techniques or recipes, to making suggestions for store promotions, organizing POP craft centers and convening joint seminars. We trust that in the future these and other activities will enable our business partners and our Group to create a new food culture.

Dialogue with Local Communities

Supporting educational activities.

Our Group supports educational activities that teach young people to acquire the habit of thinking about food and food safety, how to select food, and how to combine its varieties, as well as about their local food culture.



Photo of the winning entries in the National High Schools Cookery Contest

For some 30 years, the Nisshin Seifun Group has been the sole supporter of the National High Schools Cookery Contest, (sponsored by FHJ Future Homemakers of Japan), inviting contestants to present creative recipes using flour. The 2004 contest attracted 4,313 entries.



Summer workshop for parents and children featuring animal-shaped breads

This annual summer holiday event celebrated its 24th year this year. This event has attracted a cumulative total of around 13,000 participants since its inception.

Helping to create a healthy and meaningful life

To help enable our customers to live a healthy and meaningful life, the Nisshin Seifun Group collaborates with the operation of the Nutrition Research Foundation and the Information Center of Particle Technology, Japan. The Nutrition Research Foundation holds lectures and provides research grants aimed at contributing to the improvement and enhancement of nutrition, and the Information Center of Particle Technology, Japan provides support to young researchers in the field by presenting an annual prize (the IP Award of one million yen) for their original research.

Passing on a legacy of flour milling : the Flour Milling Museum

In 1970, as one of the events commemorating the 70th anniversary of the company's founding, a museum was established at Tatebayashi, where Nisshin Flour Milling originated (on the current premises of the Nisshin Foods, Tatebayashi Plant). This museum houses local and overseas exhibits on flour milling and features the U.S-made roller mill that served so well in the Taisho Era (1912-1926). The building, once used as the plant's main administration block during the early days of the company, has been refurbished and with its pseudo-western Meiji architecture now represents one of Gunma's few "modernization heritage" historical sites illustrating the dramatic changes undergone by Japan during the early 20th century. The Flour Milling Museum is open to the public and has attracted over 20,000 visitors since its opening.



Flour Milling Museum

Flour milling plant tours - Tours of Nisshin Seifun's Tsurumi Plant

Nisshin Seifun's Tsurumi Plant is a new plant equipped with a high-quality, high-productivity G-mill employing 21st-century leading-edge technology. In building this plant, close attention was paid to environmental issues and occupational health and safety. The plant is open to the public, and offers a well mapped tour route for both Japanese and overseas visitors. (Last year the plant welcomed 1,016 visitors, making a cumulative total of 3,410).

Please visit the Nisshin Seifun Group website where you will find a Virtual Tour of the Tsurumi Plant's G-Mill.

<http://www.nisshin.com/study/factory/index.html>



Tours of Nisshin Seifun's Tsurumi Plant

Summer holiday concerts for parents and children

In 2005 the Japan Philharmonic Summer Holiday Concert, held annually for families by the Japan Philharmonic Orchestra, celebrated its 30th anniversary. The Nisshin Seifun Group has been the sole sponsor of this event since 1984. Cumulative attendance since then has reached 430,000 people.



Summer holiday concert

Support and participation in sporting events

As part of our Group's commitment to contributing to a healthy and fulfilling life for all we have supported and participated in sports events, including the 2005 Special Olympics World Winter Games (for athletes with mental disabilities) and the Japan-U.K. University Rugby Football Matches.



Japan-U.K. University Rugby Football

Disaster Relief

2004 was a year of massive disasters, from the Niigata-Chuetsu earthquake in northern Japan to the tsunami triggered by an earthquake off Sumatra. The Nisshin Seifun Group donated three million yen to the victims of the Niigata-Chuetsu earthquake and a further 3.65 million yen to the victims of the tsunami.

Creating a Safe Workplace

Planned introduction of OSHMS to improve employee safety

Using our Tsurumi Plant as a model, we are working on the introduction of an Occupational Safety & Health Management System (OSHMS) which incorporates Risk Assessment in our conventional occupational health and safety measures.

Conducting safety audits

Facility audits typically consist of an audit of occupational health and safety management, disaster prevention and security management. Since November 2002 we have added 17 facilities, including those overseas, and have conducted audits on 42 plants.

Occupational health and safety training

To ensure thorough implementation of occupational health and safety we have embarked on raising the level of health and safety knowledge and skills. This has been achieved through conducting regular training sessions for designated groups such as managers, supervisors, safety leaders, facility managers and new employees, as well as plant training and group training as required. In 2004, 452 participants attended 29 such training programmes.

Major earthquake countermeasures

Lessons learned from the Great Hanshin-Awaji Earthquake in January 1995 led our Group to conduct a total review of its Major Earthquake Disaster Prevention Manual in 1996.

Subsequently, we have restructured the Head Office department handling disasters and implemented a number of measures that include the distribution of satellite phones to all plants, the distribution of pocket-sized cards listing what to do in the event of a disaster, and better provisioning of disaster prevention equipment such as emergency generators.

In addition, we have conducted ongoing disaster prevention drills built around Disaster Prevention Day and Earthquake Disaster Day.

In February 2005, to provide against the unfortunate event of a major earthquake we installed seismic isolators on the pneumatic grain unloader at the Tsurumi Plant to minimize damage and ensure a stable supply of flour.

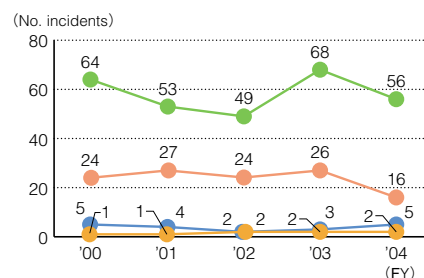


Pneumatic grain unloader

Incidence of industrial accidents

Company-wide occupational health and safety measures have resulted in a decreasing trend over the past five years in the incidence of lost time and non-lost-time injuries. The average number of incidents dropped from 27.2 to 22.7. We will be further promoting safe workplaces in 2005 by implementing disaster prevention activities in new plants and reviewing our disaster prevention management system.

Changes in situation if a disaster strikes

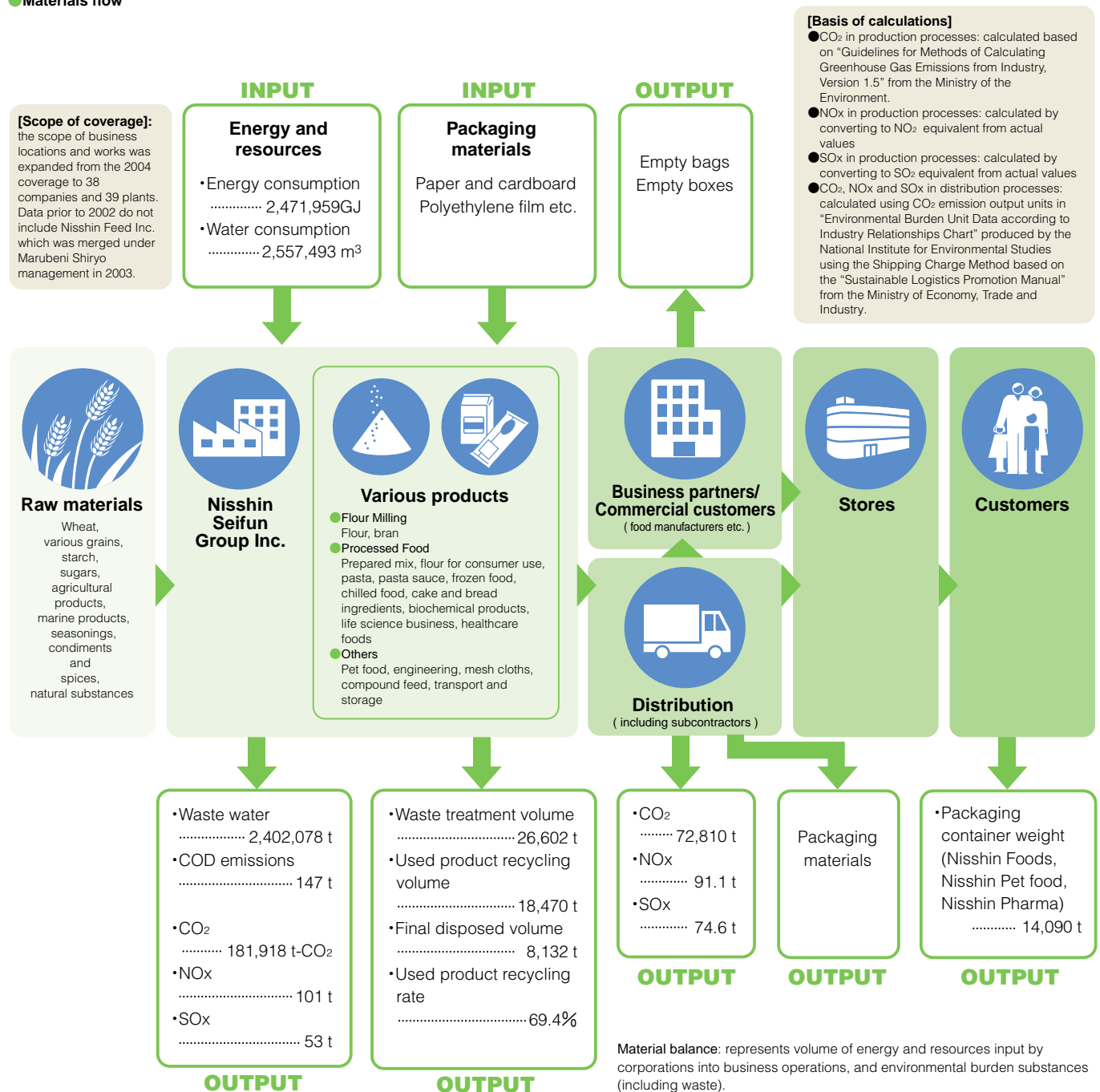


A Promise to the Next Generation

Our Challenges:

- to achieve 100% recycling of used materials by 2010 in conjunction with waste reduction.
- to set a voluntary CO₂ emissions reduction target of 8.6% compared with 1990 levels by the year 2010, and aim to systematically implement and achieve CO₂ reduction measures in accordance with the actual situation at each plant.

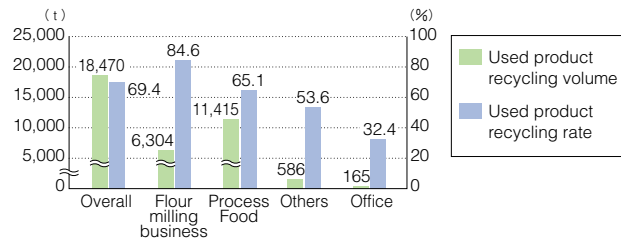
Materials flow



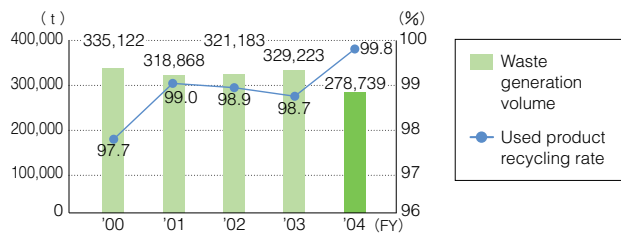
A Promise to the Next Generation

Waste reduction:

Amount recycled and recycling ratio



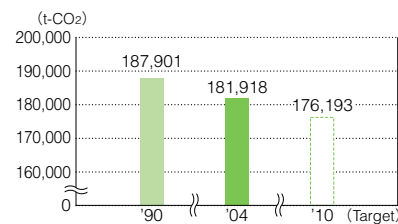
Changes in amount of waste disposed of and recycling rate (Tatebayashi plant)



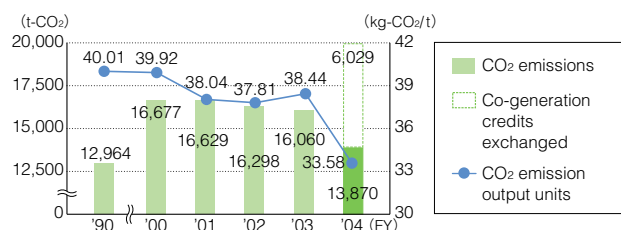
*Changing the dust covers over the fluorescent lights throughout the plant from glass to polycarbonate tubes has reduced glass consumption. The glass figures for 2003 are presumed to include glass waste generated during this change-over process.

Prevention of Global Warming

Actual figures and targets for CO₂ emissions



CO₂ emissions and changes in unit emissions (Chiba Plant)



* Credits exchanged as a result of co-generation are calculated and excluded from 2004 emission volumes.

* Cogeneration exchange volume: is calculated in accordance with the Voluntary Participation Domestic Emission Trading System Implementation Rules (Ministry of the Environment, 2005)

VIEW POINT



Osamu Moriyama,
Plant Manager, Nisshin
Foods, Tatebayashi Plant

At the Tatebayashi Plant we are concentrating on ways of reducing waste in addition to managing waste by separation. Eliminating defective products and promoting stable manufacture both serve to cut costs and enhance waste reduction.

Whenever I walk around the plant, I make sure I greet the people working on the shop floor every day. This is to ensure that our part-time workers and contractors from affiliates all share the same workplace awareness. We also often talk about the environment. Some people have told me that when they see me coming they suddenly remember that they had

forgotten to turn off a light. Since 2000 we have twice undertaken a clean-up project in the Shironuma area, which is famous for its azaleas. The first occasion was in cooperation with the Suntory Tonegawa Brewery and the second was an independent project of the Tatebayashi Plant. Employees participate enthusiastically, emulating the activity's motto to Having Fun Cleaning Up. We are also promoting cooperation with local government and businesses by holding seminars and tours of recycling facilities in collaboration with Tatebayashi City's Industry and Environment Liaison and Consultation Council. We will continue to engage in environmental activities, aiming to graduate from full participation within the plant to full participation in the region.

VIEW POINT



Shinji Ishigami,
Plant Manager, Nisshin Flour
Milling Inc., Chiba Plant

I believe that individual awareness is vital when approaching environmental activities. This is why, at the Chiba Plant, we are concentrating on environmental education. For example, in order to deepen employees' understanding of the Kyoto Protocol that came into effect in February 2005, we rewrote it in plain language and distributed it to all employees. Within plants, where activities are not readily visible on a routine basis, communication with the outside world is an issue. At the Chiba Plant, we have a good opportunity for such communication with the creation of a Four Company Group, a forum for people from

neighbouring plants. We have already seen beneficial results. For example, with the introduction of co-generation systems we were able to secure buyers for the steam emitted from the power plant from which the Four Company Group purchases electricity.