

Corporate Governance Policy

Nisshin Seifun Group Inc. (the “Company”) established this Corporate Governance Policy (the “Policy”) to fulfill its responsibilities to stakeholders, including its fiduciary responsibility to shareholders who have entrusted the management of the Company to us, and to achieve effective corporate governance that leads to sustainable corporate growth and the creation of mid- to long-term corporate value.

1 Basic Views on Corporate Governance

- (1) The Group’s (the Company and its subsidiaries and affiliates) mission is to stably provide safe and reliable “shoku” (food), including flour, with the corporate principle of “contributing to a healthy and fruitful life for all,” which is founded on the guiding philosophies that “the basis of business is built on trust” and of being “in tune with the changing climate.” Based on this basic principle and aim of sustainable corporate growth and long-term corporate value maximization, the Company’s basic views on corporate governance are to (i) develop an efficient management system and clarify management responsibility and (ii) promote management that respects the status of each stakeholder, beginning with shareholders, and achieve transparent, timely and appropriate decision-making in relation to the Company.
- (2) The Company adopts a holding company structure under which the Company constantly oversees and evaluates the activities of operating companies with the viewpoints of shareholders in mind.
- (3) The Company establishes an organizational structure and systems to strengthen corporate governance functions and to promote efficient management. The Company will empower the board of directors of the Company (the “Board of Directors”) and aims to promote swifter and more effective decision-making. The statutory function of the audit & supervisory committee of the Company (“Audit & Supervisory Committee”) and the independent external auditors of the Company (“Independent Auditors”) will be further reinforced with systematic, specialized internal audits covering areas such as facilities, safety, environmental protection and quality assurance, along with a systematic evaluation of the internal control system and internal audits related to business operations.
- (4) The Board of Directors and Management (executive directors of the Company (“Executive Directors”), executive officers of the Company (“Executive Officers”), directors of the major operating companies; the same shall apply hereafter) of the Company will exercise leadership in establishing a corporate culture where the rights and positions of the Company’s stakeholders are respected and sound business ethics are ensured.
- (5) In formulating business strategies and business plans:
 - [1] business strategies and business plans are to be consistent with the Group’s corporate principles and key management policy;
 - [2] basic earning plans and capital policies are to be indicated when establishing business strategies and business plans, and clear and logical explanations are to be provided to the shareholders regarding specific measures to be taken in order to enhance the Company’s profitability and capital efficiency; and
 - [3] with the creation of corporate value in mind, a basic capital policy, striking a balance between capital efficiency and financial stability, is to be established (i) to improve the Company’s profitability and ensure that it consistently exceeds the capital costs and (ii) to sustain appropriate shareholder returns.

2 Securing the rights and equal treatment of shareholders

- (1) In advancing Group management under the basic policy of maximizing long-term corporate value, adequate consideration will be given to shareholders (the suppliers of capital) to provide for the smooth exercise by them of their shareholder rights. In particular, accurate information will be provided to shareholders as necessary in order to facilitate appropriate decision-making at the Company’s general meeting of shareholders (“General Meeting of Shareholders”), and take proper measures to ensure the exercise of various shareholder rights, including voting rights.

- (2) The Company will fully secure the rights of all shareholders (including minority shareholders and foreign shareholders). An environment in which non-institutional investor shareholders can exercise their rights appropriately and effectively and receive equal treatment will be maintained by ensuring fair disclosure to them.
- (3) With respect to a capital policy of the Company that results in a change of control or in significant dilution, the Board of Directors will carefully examine the necessity and rationale of the capital policy from the perspective of its fiduciary responsibility to shareholders before approving the implementation of the policy and provide sufficient explanations to shareholders.

3 Information Disclosure

- (1) The Company will strive to ensure proactive information disclosure in order to enhance transparency and fairness in decision-making and ensure effective corporate governance of the Company.
- (2) The Company will disclose information in accordance with Financial Instruments and Exchange Law and the rules on timely disclosure of the Tokyo Stock Exchange, proactively conduct public relations and IR activities, and appropriately and continuously provide accurate information on the Group companies' business activities to the public in a timely manner.
- (3) The Company will improve disclosure and explanation of non-financial information such as views on corporate governance in addition to the disclosure and explanation of financial information.

4 Dialogue with shareholders

- (1) The Company recognizes the importance of constructive dialogue with shareholders and will consider how to achieve valuable dialogue with shareholders so as to support sustainable growth and increase corporate value over the mid- to long-term.
- (2) In order to promote constructive dialogue with shareholders, the Company will, through positive cooperation between Management members who handle IR, Finance and Accounting, Legal Affairs and Public Communication under the supervision of the Director and President (director ("Director") concurrently serving as president), consider and implement (i) measures to explain non-financial information such as by posting it on the Company's website or holding explanatory sessions and (ii) a framework to facilitate dialogue with shareholders. The Investor & Shareholder Relations Office will serve as a specialized unit for dialogue with shareholders such as investor meetings and IR activities in addition to meetings with institutional investors and others to provide opportunities to make explanations and hold Q&A sessions regarding business strategy and business performance.
The Director and President and Management will endeavor to attend meetings with institutional investors and others and engage in direct dialogue with institutional investors and others who can discuss corporate value growth from a mid- to long-term perspective. Furthermore, shareholder views and concerns learned through such dialogue will be periodically relayed to Management and outside Directors ("Outside Directors") so as to be reflected in the management of the Company.
- (3) The Company will post major materials that were used in investor meetings, etc. on the Company's website from the perspective of fair and equitable disclosure to shareholders.
- (4) The Company will ensure fair disclosure and the confidentiality of insider information pursuant to its disclosure policy, rules for the prevention of insider trading and others.

5 The Board of Directors, Directors and Senior Management

- (1) Given the Board of Directors' fiduciary responsibility to shareholders, in order to promote the Company's sustainable corporate growth and the increase of corporate value over the mid- to long-

term and to enhance profitability and capital efficiency, the Board of Directors will appropriately fulfill its roles and responsibilities, including:

- [1] setting the direction of corporate strategy;
- [2] establishing an environment where appropriate risk-taking by Senior Management (including Executive Directors, Executive Officers and, the directors and presidents of major operating companies; and the same shall apply hereafter) is supported;
- [3] carrying out effective oversight of Senior Management of the Company from an independent and objective standpoint; and
- [4] engaging in oversight activities in order to ensure timely and accurate information disclosure, and establishing an appropriate internal control and risk management system.

- (2) To make use of the holding company structure, the Board of Directors basically consists of (i) Directors who belong exclusively to the holding company and assume functions to oversee the whole Group, (ii) Directors who concurrently hold a management position in major operating companies, and (iii) Outside Directors who oversee Management of the Company from an independent and objective viewpoint; (iv) Directors who have voting rights on the Board of Directors and are members of the Audit & Supervisory Committee (“Audit & Supervisory Committee Members”) who conduct audits of business operations from the perspectives of legality and appropriateness.
- (3) The number of Directors will be set to enable timely and decisive decision-making on the basis of the Company’s business lineup and business scale within the range provided in the articles of incorporation of the Company.
- (4) The Company and each operating company will clarify in their internal rules for the board of directors that the Board of Directors will determine important particulars such as matters related to maximizing the corporate value of the Group, the distribution of management resources and compliance.
The Board of Directors will specify the matters delegated to Senior Management and the procedures for such delegation under the approval rules and others.
- (5) With due attention to their fiduciary responsibilities to shareholders, Directors will continuously review the criteria and systems for their decision-making from the perspective of transparency, timeliness and others and secure appropriate cooperation between stakeholders and act for the interests of the Company and the common interests of its shareholders.
- (6) For sustainable corporate growth and the increase of mid- to long-term corporate value, members of Senior Management will be those who have high-level personal and professional ethics and integrity, inquisitive and objective perspectives, practical knowledge and discernment.
- (7) Outside Directors will be appointed on the basis of (i) high professional expertise, (ii) extensive experience and deep insight as corporate managers, (iii) international knowledge, and (iv) appreciations of risk management and compliance issues. The Company will endeavor to achieve an appropriate balance of diversity, knowledge, experience and skills of the Outside Directors.
- (8) The Company will determine Management remuneration from the perspective of (i) retaining excellent human resources, (ii) setting an appropriate level of remuneration corresponding to the Company’s scale and business category and (iii) providing healthy incentives for increasing the mid- to long-term corporate value of the Company. Management remuneration will include a variable performance-based portion, considering the degree of contribution to the Group and the mid- to long-term basic strategy of the Group.
- (9) The appointment and dismissal of Senior Management and the determination of their remuneration will be based on fair and highly transparent procedures. In order to strengthen the independence and objectivity of the Board of Directors with respect to the nomination and remuneration of Senior Management, the Company will endeavor to obtain advice from independent Directors (“Independent Directors”).

6 Audit & Supervisory Committee and its Members

- (1) The Audit & Supervisory Committee will conduct audits of the business operations conducted by Directors as an independent organ under the Companies Act. The Audit & Supervisory Committee Members will attend important meetings, including those of the Board of Directors, hold regular meetings with the representative Directors (“Representative Directors”), and audit the performance of duties by Directors, in accordance with the Board’s auditing standards and audit plans. Given their fiduciary responsibility to shareholders, the Audit & Supervisory Committee Members will make decisions from an independent and objective standpoint when fulfilling their roles and responsibilities, including auditing the performance of Directors’ duties. Their functions will not be limited to so-called “defensive functions” such as the prevention of scandals, and they will positively and proactively exercise their rights and appropriately express their views at the meetings of the Board of Directors.
- (2) The Audit & Supervisory Committee of the Company consists of several Audit & Supervisory Committee Members who are Outside Directors and full-time Audit & Supervisory Committee Members. The Audit & Supervisory Committee Members will endeavor to prevent matters that would harm the healthy and sustainable corporate growth of the Company, by organizationally utilizing the information gathering power of full-time Audit & Supervisory Committee Members and the independence of Outside Audit & Supervisory Committee Members.
- (3) Audit & Supervisory Committee Members will: (i) be honest, (ii) exercise good judgment and insight based on an objective perspective, and (iii) have considerable professional knowledge and rich experience. At least one Audit & Supervisory Committee Member will have appropriate expertise in finance and accounting.

7 Independent Directors

- (1) The Board of Directors will include Independent Directors at least one third of all Directors, and it is expected that the independence and objectivity of the functions of the Board of Directors will be strengthened through the following roles and responsibilities of Independent Directors:
 - [1] providing advice on key management policies and business plans based on their knowledge and experience with the aim to promote sustainable corporate growth and to increase corporate value over the mid- to long-term;
 - [2] monitoring management through important decision-making at the Board of Directors meeting;
 - [3] monitoring conflicts of interest between the Company and Senior Management or controlling shareholders; and
 - [4] appropriately representing the views of stakeholders at the Board of Directors meeting from a standpoint independent of Senior Management and controlling shareholders.
- (2) The Board of Directors will establish standards for the independence of Independent Directors, taking into consideration the independence criteria set by Tokyo Stock Exchange, Inc.
- (3) Aiming to exchange information and develop a shared awareness among Independent Directors from an independent and objective standpoint, the Company will endeavor to promote regular meetings attended by Outside Directors and to ensure cooperation among them.

8 The Board of Directors’ and Audit & Supervisory Committee’s Effectiveness

- (1) With the aim of enabling active deliberations, the Board of Directors will consider the schedule for the distribution of materials for the Board of Directors and provide supplementary information as necessary. Furthermore, to facilitate more vigorous deliberations at the Board of Directors, the Board of Directors will establish a schedule for meetings of the Board of Directors for the current year and provide it to each Director in advance, consider the meeting agenda and the number of agenda items, allow sufficient time for deliberations and a reasonable frequency of meetings, and endeavor to ensure the appropriate operation of meetings.

- (2) The Company's Board Meeting Administration Office, and other applicable sections or departments, will explain the proposals to be presented to the Board of Directors to Outside Directors in advance as necessary. In addition, full-time Audit & Supervisory Committee Members or employees who assist them in performing their duties ("Audit & Supervisory Committee Administration Office") will explain the proposals to Outside Audit & Supervisory Committee Members as necessary.
- (3) The Company will carry out the following to ensure the effectiveness of audits by the Audit & Supervisory Committee:
 - [1] ensure there are a sufficient number of Audit & Supervisory Committee Administration Office members to assist the operation of Audit & Supervisory Committee;
 - [2] require the consent of the Audit & Supervisory Committee for personnel changes and personnel evaluations concerning the Audit & Supervisory Committee Administration Office in order to ensure the effectiveness of instructions from the Audit & Supervisory Committee to the Audit & Supervisory Committee Administration Office;
 - [3] supervise the Internal Audit Department directly in order to facilitate coordination between the Audit & Supervisory Committee and the Internal Audit Department on a daily and flexible basis; and
 - [4] consider whether the Audit & Supervisory Committee can consult with external specialists as they deem necessary, at the Company's expense.
- (4) Directors will, on an annual basis, conduct a self-evaluation regarding the efficiency and achievements of the Board of Directors and discuss improvements.
- (5) Directors will devote sufficient time and effort required to appropriately fulfill their respective roles and responsibilities as members of a critical governance body of the Company. They will also endeavor to acquire and update knowledge and skills necessary for their operations, including the Company's organization and corporate governance, in order to deepen their understanding of their roles and responsibilities. The Company will provide and arrange training opportunities suitable to each Director along with financial support for associated expenses.

9 Securing Proper Execution of Audits by Independent Auditors

- (1) The Audit & Supervisory Committee of the Company will conduct the following within the range of responsibility as specified by law:
 - [1] establish standards for the appropriate selection of candidates for the Independent Auditor and proper evaluation of the Independent Auditor; and
 - [2] verify whether Independent Auditor possesses necessary independence and expertise to fulfill its responsibilities.
- (2) The Board of Directors and the Audit & Supervisory Committee will cooperate to ensure the following:
 - [1] give adequate time for Independent Auditor to ensure high-quality accounting audits;
 - [2] arrange interviews with Senior Management if requested by Independent Auditor as it deems necessary for its accounting audits;
 - [3] ensure adequate coordination between the Independent Auditor, the Audit & Supervisory Committee, the Internal Audit Department and the Outside Directors; and
 - [4] ensure that the Company is constituted in a way that it can adequately respond to any misconduct, inadequacies or concerns identified by Independent Auditor.

10 Cross-Shareholdings

The Company will hold shares of other listed companies as cross-holdings if holding such shares promotes mid- to long-term corporate value increase and is regarded as reasonable from the perspective of facilitating and solidifying business alliances and joint business, and the structuring and enforcement of

long-term and stable business transactions. The Board of Directors will annually examine the reasonableness of holding such shares.

11 Related Party Transactions

- (1) When the Company engages in transactions with Directors or when the Company's subsidiaries engage in transactions with its directors, board of director's approval of the corresponding company is required in accordance with the Companies Act.
- (2) When the Company engages in transactions with its Major Shareholders (shareholders that own 10% of the Company's shares on a voting-rights basis) and such transactions are material from the perspective of the interests of the Company or the common interests of its shareholders, the Board of Directors approval, etc., is required.
- (3) In approving such transactions, the Board of Directors will consider various factors, including the purpose, conditions, commercial necessity and business scale of such transactions, and the profit that each of the Company, directors and Major Shareholders will gain through such transactions.

12 Whistleblowing

The Company will establish internal rules that secure a point of contact that is independent of Senior Management, the confidentiality of the information provider and the prohibition of any disadvantageous treatment of the information provider.

13 Continual Review

The Company will continually review its governance for possible improvements to seek the best governance of the Company, considering changes to the Group's business field, economic environment, laws and regulations, and the rules of stock exchanges, etc., on the understanding that corporate governance is a structure for transparent, fair, timely and decisive decision-making by companies, with due consideration of the needs and perspectives of shareholders and also customers, business partners, employees and the public, not as an end in itself, but as a measure to support the Company's sustainable corporate growth and the increase of its mid- to long-term corporate value. The Board of Directors will promptly disclose any amendment made to the Policy.