

CORPORATE GOVERNANCE

The mission of Nissin Foods is to maximize the interests of all stakeholders, including shareholders, consumers, employees and communities, by supplying safe, high-quality foods and enhancing corporate governance.

BASIC STANCE ON GOVERNANCE

Corporate governance demands highly objective and transparent management. For many years we have appointed outside directors and consulted outside experts to energize business and maintain management transparency. In June 1998, we introduced an executive officer system to speed up decision-making and create a clear line between governance and executive functions.

The 15-member Board of Directors—eleven directors (two outside), and four corporate auditors (two outside) meets monthly, with special meetings as necessary. The Board makes important business decisions including defining basic management policies, and also supervises director activities.

The Board of Directors is advised by two committees of full-time directors and standing corporate auditors. The Management Committee meets twice monthly to discuss matters to be decided by the Board, and those matters delegated to it by the Board. The Investment and Loan Strategy Committee meets monthly to discuss and conduct preliminary assessments of important matters.

The Executive Committee meets every month and consists of full-time directors, standing corporate auditors and executive offi-

cers. It applies management policies issued by the Board of Directors. Executive officers implement operations in their units according to directives from the Board of Directors, and report the results to the Executive Committee.

Nissin Foods is a company with auditors. The four-member Board of Corporate Auditors has two outside auditors. The corporate auditors adopt audit policies and plans, and discuss audit activities. The Board of Corporate Auditors meets on alternate months, with special meetings convened when needed.

Since 2006, a reserve auditor is retained for two years in case of a vacant outside auditor position.

STATUS OF INTERNAL CONTROL SYSTEMS

The smooth operation of internal control systems is a critical management task. The entire company is working to achieve this under the policy on internal control systems development, adopted by the Board of Directors in May 2006.

The corporate auditors monitor internal control system effectiveness in all areas. Along with the Internal Auditing Office they also audit and verify the operations of individual business departments through operational audits. If necessary, they provide remedial measure guidance.

We are also developing internal control systems for financial reporting, as required under Japan's new Law on Sales of Financial Products. We will establish systems that provide checks and balances within and between organizational units, in all business areas.

