

WHAT

are our goals?

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Our Materiality

For the Health of People and the Planet; for a Sustainable Future

The responsibilities of the NISSIN FOODS Group and the sustainability issues we must address are diverse and intertwined, ranging from climate change and water resources to human health and diversity. We refer to international guidelines and speak with external experts to identify material issues from this diverse range that are directly related to our business and may lead to risks or opportunities in the medium to long term.

Environmental and Social Issues Across the Globe

Biodiversity Loss

Climate Change

Frequent Natural Disasters

Water Resources Management

Declining Birthrate and Aging Population

Excessive Calories

Hidden Malnutrition

Food Loss

Famine and Food Shortages

Circular Economy

Cyber Attacks

Child and Forced Labor

Diversity & Inclusion

Materiality Identification Process » p. 63

Step 1

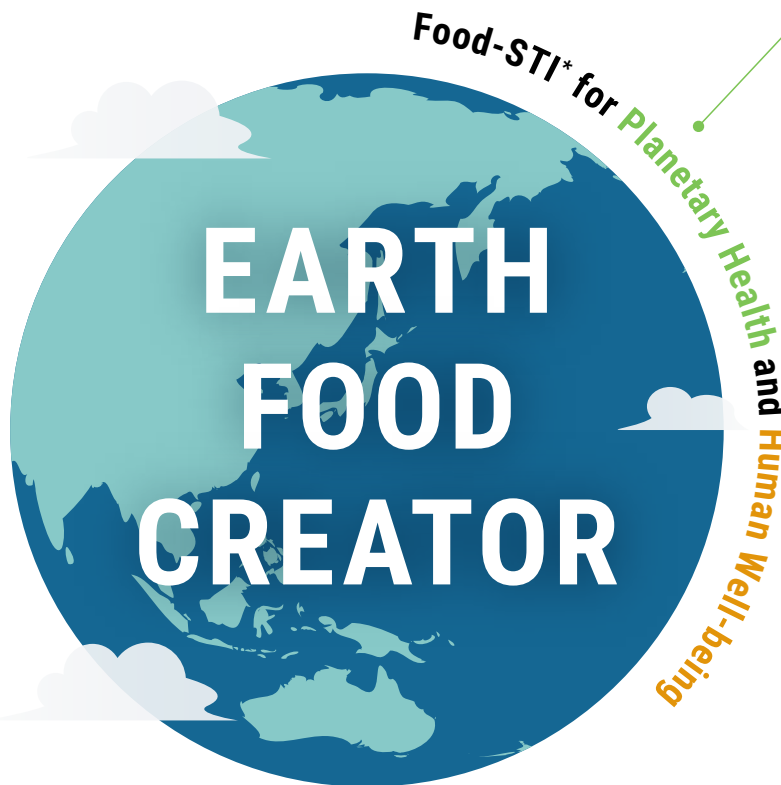
Extract stakeholders' expectations of the Group

Step 2

Measure the degree of impact on the Group's businesses

Step 3

Identify important themes the Group should focus on



*STI: Science, Technology, and Innovation

NISSIN FOODS Group Materiality

Planetary Health

Materiality	Group Initiatives	Commitments
Climate Change Mitigation and Adaptation	Energy conservation and renewable energy procurement Biomass ECO Cup	<ul style="list-style-type: none"> CO2 emission reduction rate • Scope1, 2: 42% • Scope3: 25%
Sustainable Procurement	Utilize certification systems Develop plant-based alternative meats and cultured meat	<ul style="list-style-type: none"> 100% sustainable palm oil procurement 1,000 tons of vegetable protein consumption per year in Japan

Human Well-being

Materiality	Group Initiatives	Commitments
Contributing to Improved Health and Nutrition	Optimized Nutri-Dense Meals	<ul style="list-style-type: none"> Invest 5-10% of core operating profit of existing businesses
Training and Utilization of Creative Human Resources	Various training programs on diversity	<ul style="list-style-type: none"> Achieve 10%+ ratio of female managers Reduce total annual working hours

CEO Message

An Always-Innovating Food Culture, Addressing Social Challenges and Achieving Sustainable Growth as an EARTH FOOD CREATOR

An Enduring Origin: Peace Will Come to the World When There is Enough Food

“Without food, there would be no clothing, no shelter, no art, no culture. Food is the most important pillar supporting human life.”

NISSIN FOOD PRODUCTS founder Momofuku Ando saw firsthand how people suffered from food shortages after the war. His conviction led to the invention of the world’s first instant noodles and the birth of NISSIN’s famous *CHICKEN RAMEN*. He said, “Peace will come to the world when there is enough food.” *Shoku-soku se-hei*, or the Japanese phrase representing this idea, is one of our enduring values and the enduring origin of our activities.

Since 1958, the NISSIN FOODS Group has continued to ponder what is useful for humankind and society, and we have contributed a better world by satisfying dietary needs. Our history is one of sustainable growth through solutions to social issues, which we now call CSV management. The term EARTH FOOD CREATOR, as in our Group Philosophy, expresses our desire to *contribute to the world and its people by creating food, the basis of all life.*

Koki Ando

President & Representative Director, CEO
NISSIN FOODS HOLDINGS CO., LTD.

The Social Issues We Face Today: Planetary Health and Human Well-Being

While hunger was a critical issue in postwar Japan, today's social challenges are many and varied. Looking across the entire planet, the list of issues is endless. Among these issues, the NISSIN FOODS Group identified two social issues as our top priorities. Those issues are Planetary Health and Human Well-being.

Planetary Health refers to our efforts to live in harmony with the global environment. Needless to say, global warming and other environmental issues are planet-wide challenges. Concerns arise that climate change will reduce crop production and destabilize food supplies. We must also prevent the indiscriminate use of limited global resources, which would lead to breakdowns in social infrastructure and economic conditions.

Human Well-being refers to our efforts to elevate humankind. NISSIN FOOD PRODUCTS and the Ando Foundation, in cooperation with American public opinion research firm Gallup, proved for the first time in the world



the strong relationship between food and well-being. It became clear that food is an important factor in happiness. At the same time, low nutrition due to hunger and poverty is a persistent issue in the world, even as our modern age is one of food satiety. We see many food-related problems, including new issues such as obesity due to excessive calories and hidden malnutrition due to inappropriate dieting. At the Tokyo Nutrition Summit 2021, leaders from national governments, international organizations, corporations, and civic groups gathered to exchange views on various issues. As seen in this and many other examples, issues related to health and nutrition are topics attracting worldwide attention.

Food Tech is the Driving Force Behind Solving Issues

Why does the NISSIN FOODS Group take on the challenge of Planetary Health and Human Well-being? Solving these challenges will be extremely difficult, but we believe we can do it. Our belief is based on our strength in food technology.

Planetary Health means using food tech to ensure a stable meat supply and reduce environmental impact. Many initiatives are already underway, one of which is our research in cultured meat, which is attracting attention as a sustainable food source. In August 2017, we began a joint research project with the University of Tokyo, continuing the unprecedented challenge of achieving thicker steak meat. In May 2023, we succeeded in developing a plant-based eel product. We have reproduced the texture, appearance, and flavor of broiled eel without using any animal-derived ingredients. We aim to create sustainable food systems in

Japan and overseas that preserve rich food cultures.

Under the concept of Human Well-being, we pursue Optimized Nutri-Dense Meals, a technology addressing health and nutrition issues head-on. We launched the *KANZEN MEAL* series in 2022, offering the perfect balance between taste and 33 essential nutrients. Making full use of processing technologies and *umami* ingredients cultivated in the instant noodle business, we produced taste on par with so-called regular food, without the distinctive harsh or bitter taste characteristic of nutrients. This business embodies one of our Enduring Values: *Eat wisely for beauty and health*. And we aim to improve well-being through food by offering solutions that answer issues related to modern dietary habits.

NO LIMIT TO GROWTH Always Aiming Higher

I believe that creating social value through these types of efforts will create economic value in parallel. Helping create sustainable societies will also lead to the sustainable growth of the NISSIN FOODS Group.

Our recent performance has been strong, with FY 3/2024 net sales of 732.9 billion yen (up 9.5% year on year) and core operating profit of existing businesses of 80.6 billion yen (up 33.9%), both record highs. We set a target level of 80 billion yen in core operating profit of existing businesses by FY 3/2031 under our mid- to long-term growth strategy, achieving what we projected to be a 10-year target beginning in FY 3/2022 in only three years.

In this and other ways, the NISSIN FOODS Group has achieved remarkable growth over the past several years. But if we become complacent, growth will grind to a halt. Our

CEO Message

founder pursued a philosophy of always aiming higher, knowing there is no limit to growth, immediately setting his sights on the next peak once one goal was achieved. When we were in sight of our previous goal in the previous fiscal year, we established new milestones of 1 trillion yen in revenue, core operating profit of existing businesses of 100 billion yen, and a market cap of 2 trillion yen.

In 2024, we took the first step toward this new goal, defining four management keys to boost our growth potential.

The first of these keys is to make a leap ahead in our global business. The growth of overseas operations was remarkable in FY 3/2024, with overseas operations accounting for more than 50% of total profits. But the global market is enormous, and we have yet to make our presence felt. We intend to strengthen our global branding further in promising markets and increase our presence in every region by raising production capacity.

The second of these keys is to develop new business around the *KANZEN MEAL* series of products. Our immediate goal is to establish and expand the *KANZEN MEAL* brand,



growing to 7 billion yen in FY 3/2025 and 10 billion yen in FY 3/2026. In addition to packaged products, we plan to expand our BtoBtoC business, leveraging collaborations with retailers, food service companies, and food manufacturers in other fields. The NISSIN FOODS Group pursues collaboration with insurance companies and others in different industries to create a variety of touch points for multi-vector development in Nutrition Optimization Technology.

The third key is to delve deeper into food tech development. As I mentioned, food tech is the NISSIN FOODS Group's greatest strength in our pursuit of Planetary Health and Human Well-being initiatives. Continuing to take on the challenge of *future food*, including cultured meat and plant-based foods, we intend to open up new possibilities for food.

The fourth key is to strengthen initiatives related to EARTH FOOD CHALLENGE 2030 (EFC2030). EFC2030 is the Group's environmental strategy and an indispensable initiative for achieving Planetary Health. Treating environmental issues passively and simply accepting our fate makes no sense. We encourage employees to reject passiveness and to act as leaders in the food industry.

Always Be a Challenger Creating a New Food Culture

Having achieved our FY 3/2031 target profit level ahead of schedule in just three years, we feel we have an option to use cash strategically for future growth. We intend to maximize corporate value by using debt effectively and allocating cash generated to investments for growth. We will also use this cash actively to enhance shareholder returns.



In May 2024, we revised our ROE target, one of the KPIs under our mid- to long-term growth strategy. Our revised target goes from 10% over the long term to 15% by FY 3/2031. NISSIN FOODS Group is looking to deliver 20% in the long term, making the leap to be on par with the major food companies of the world—the global giants.

NISSIN FOODS Group is a pioneer, a leader, a creator, and a challenger. As the pioneer company that invented *CHICKEN RAMEN* as the world's first instant noodle and the producer of global-brand *CUP NOODLES*, we have already established ourselves as a leading company in the instant noodles market. But no matter the extent we consolidate our position at the top, we will never go on the defensive. We will continue to create a new food culture through Planetary Health and Human Well-being.

COO Message

**Solving the World's Problems
Through New Food for the
Health and Happiness of All**



Noritaka Ando

Executive Vice President &
Representative Director, COO
NISSIN FOODS HOLDINGS CO., LTD.
President & Representative Director
NISSIN FOOD PRODUCTS CO., LTD.

Optimized Nutri-Dense Meals Offer a Balance of Key Nutrients for Human Well-Being

Nineteenth-century science fiction writer Jules Verne said, “Anything one man can imagine, other men can make real.” True to this saying, humans have produced many inventions, making dreams a reality. Even today, things once solely the realm of science fiction are becoming real: Flying cars, humans and AI, human migration to Mars, and much more. One more thing we can make real in the future: A world where anyone can eat whatever they want, as much as they want, whenever they want. One solution toward this future is the Optimized Nutri-Dense Meals from NISSIN FOOD PRODUCTS.

Food tech has been gaining worldwide attention over the past few years. The food tech market is estimated to be approximately ¥700 trillion, and global executives such as Microsoft founder Bill Gates, Amazon founder Jeff Bezos, and Google founder Sergey Brin have invested in this market. Since the beginning of agriculture some 10,000 years ago, humankind has experienced various food-related revolutions. Food tech, or industrial food technology, is another revolution that will change the way we eat.

The future of food, as created by food tech, will develop in two main directions. One is oriented toward Planetary Health. The health of the planet, or in other words, reducing the burden of food on the environment. Plant-based foods and cell cultures fall into this category.

The second is oriented toward Human Well-being. My

grandfather, Momofuku Ando, founded NISSIN FOODS based on the belief that food is the source of human activity and happiness. Human Well-being through food is a new interpretation of that founding idea from a modern perspective.

In today’s age of food satiety, we see a wide range of new food-related problems. These problems range from damaged health due to excessive calories, low nutrition due to incorrect diets, and frailty among seniors. Meals are supposed to be enjoyed. Restricting food diminishes that enjoyment significantly. I believe that one of the keys to Human Well-being is to enjoy eating what you want, as much as you want, whenever you want. And Optimized Nutri-Dense Meals offering a balance of key nutrients are one specific approach to this end.

Through Research and Development Into Optimized Nutri-Dense Meals, NISSIN Launched the KANZEN MEAL Series, Offering the Perfect Balance Between Taste and Nutrition

The idea of getting all the required nutrients in one food is not in itself new. There are many so-called nutritionally balanced foods. The problem is that none are as satisfying as a meal. Certain nutrients have a harsh or bitter taste. Simply adding these nutrients to a food would taste bad, not even qualifying as food. NISSIN FOOD PRODUCTS has cultivated advanced technological capabilities in the instant noodles business with many developers skilled in the application of these

technologies. We not only offer food that masks the harshness and bitterness characteristic of nutrients, but we make foods taste every bit as good as the regular food consumers enjoy.

The KANZEN MEAL came from our research and development into Optimized Nutri-Dense Meals and our pursuit of the perfect balance of 33 vitamins, minerals, and other nutrients included in the *Dietary Reference Intakes for Japanese*. Beyond cup-type instant noodles and cup-type instant rice, we offer products across a wide range of categories, including cup-type soups, smoothies, and even frozen foods. Cumulative sales exceeded 30 million servings as of August 31, 2024. The NISSIN FOODS online shopping site offers frozen KANZEN MEAL DELI products with an astounding repeat purchase rate of 59% (as of June 2024).

One feature of the core technology behind Optimized Nutri-Dense Meals is the wide range of applications. Taking advantage of this feature, we are expanding into various other categories. These categories include the sale of base ingredients in Optimized Nutri-Dense Meals in box lunches





and prepared foods at supermarkets and convenience stores, the development of collaborative products with other food manufacturers, and *KANZEN MEAL* menu options in employee cafeterias as part of corporate health management.

In January of this year, we provided *KANZEN MEAL* products as relief supplies to the areas affected by the Noto Peninsula earthquake. The longer evacuees spend in evacuation centers, the more the need for nutritionally balanced meals. *KANZEN MEAL* products represent a new direction in relief supplies.

We are also looking into marketing Optimized Nutri-Dense Meals overseas, although this initiative is still a little further down the road. Estimates say that 2 billion people in the world are obese. So-called sugar taxes have been imposed in more than 20 countries, and the intake of excess calories is a global problem. At the same time,

so-called food deserts exist where no fresh foods are to be had. Optimized Nutri-Dense Meals have the potential to solve these problems as well. It is quite possible that in the future, every NISSIN FOODS Group product will be based on Optimized Nutri-Dense Meal technology.

NISSIN Grows Existing Businesses Consistently and Solidifies Our Foundation Further Toward Enhanced Corporate Value

Of course, new business is not the only topic of management focus. To drive new business requires consistent growth in existing businesses. We must generate cash and solidify the foundation of the company even further.

Generally speaking, brands have a life span of 15 to 30 years. Our aim is to make the NISSIN FOODS brands *century brands* at the forefront of consumption, loved by consumers for 100 years and more.

NISSIN FOOD PRODUCTS owns many long-selling brands, including *CHICKEN RAMEN*, which has been on the market for 66 years as of 2024, and *CUP NOODLES*, which has been on the market for 53 years. The other side of the coin is that our brands are aging. Long-selling brands are brands that the younger generation—the next generation of loyal customers—have been in daily contact with since birth. For this reason, these brands tend to be taken for granted and nothing special. The key to creating century brands is to keep refining and refreshing. How we market the appeal of the

brand to young people, in particular, has been a focus of our brand communications.

Marketing is known to consist of two battlegrounds: aerial combat (TV commercials, etc.) and ground combat (in-store promotions, etc.). NISSIN FOOD PRODUCTS has added another battleground, cyber combat, as a way to bridge the two through social media.

As you may know, NISSIN FOOD PRODUCTS has aired edgy TV commercials for the past several years. Let me explain briefly why we run such commercials. First, many people see our edgy TV commercials (aerial combat), which might not be easily understood in one viewing. These people rewatch the commercials using video apps or our website. And since the commercials are so unusual, people tend to repost them on X and other platforms, adding to our reputation for interesting ads. More people watch as the ads become viral, gain exposure as internet news, and enjoy a repeated cycle of posts and shares on social media. This cycle results in an explosive rise in social media exposure, a dramatic increase in views, and an even larger cycle of internet “buzz.” This entire process is our way of conducting cyber warfare. Incredible numbers of people become exposed to our brands, and as the presence of our brand in the mind of the consumer, or mind share, rises, more consumers buy our products. A TV commercial that appears to be silly at first glance is actually a starting point for a marketing frame that leads directly to sales increases. In ground warfare at retail locations, we not only install product displays, but also endeavor to create an entertaining sales floor that conveys the brand’s worldview, fun, and excitement, thereby increasing purchase motivation.

COO Message

Through consistent and ongoing campaigns, *CUP NOODLES* and *NISSIN NO DONBEI* have achieved record sales for a consecutive seven and nine years, respectively. In the monthly CM favorability survey, NISSIN has been the solid No. 1 for almost three years. On an even more prestigious note, Nikkei Business ranked our company as No. 1 among companies that professional marketers want to emulate (October 18, 2021 issue).

Fostering a More Flexible, More Creative Organizational Culture and Human Resources

However, we must not forget that it's not strategy, planning, or even systems that make things happen. No matter the growth strategy, it is always the people, namely the employees, who do the actual work. Our people are an important way to achieve the future we want.

To put it drastically, the NISSIN FOOD PRODUCTS organization focused nearly exclusively on selling the NISSIN brand of instant noodles in the past. Of course, this approach made sense and paid off in fact. However, times are changing, and we must meet diverse and complex needs while growing new and existing businesses sustainably. These times require a more flexible and creative organizational culture and human resources who can break from the past. To this end, we are updating our organizational culture and implementing reforms

to develop our human resources.

For example, we pursue digital transformation (DX) internally through the slogan, *DIGITIZE YOUR ARMS*. Examples of this initiative include the Kansai Plant and other IoT smart factories, advanced talent management, supply chain restructuring, and paperless processes for internal applications and approvals. By digitizing what can be digitized, we create more time to focus on new and interesting things. Another example is NISSIN AI-chat, an in-house AI we released last year. The sales department uses NISSIN AI-chat to create presentation materials and to plan entertaining in-store promotions. We expect this and other uses of AI to reduce work hours per salesperson by about 400 hours per year.

In 2021, we renamed the Sales Division to the Business Solutions Division, emphasizing a new business mission to be an organization that solves customer issues through our products, rather than just selling products to customers. This change is another example of how we are transforming our organizational culture.

We pursue diversity, mid-career hires, and other initiatives to increase diversity and flexibility as an organization. One case in point is a hybrid work system that allows employees to choose flexible in-office and remote work styles.

We are establishing unique brands on a global level through food tech, innovation, social media, and digital technologies developed as the leading company in our industry and the inventor of instant noodles. We believe we

can accelerate growth of our group as a whole by telling this success story on a global scale. In fact, Brazil, where we enjoy the largest market share, leverages the NISSIN FOOD PRODUCTS marketing methods to tremendous effect. We hope to expand on these examples in the future.

The development of technology will continue to change human life in significant ways. Society and values will change dramatically, too. But one thing will always remain the same. And that is the fact that humans will always need food. The NISSIN FOODS Group is committed to making people healthier and happier by solving the world's problems rapidly through new food.



Outside Director Dialogue

Visualizing Issues and Seizing Opportunities to Become a Global Company

Roles as an Outside Director

Sakuraba I was involved in food administration at the Ministry of Agriculture, Forestry and Fisheries for quite a few years, and I have one particularly memorable experience with the NISSIN CEO. As people became more health-conscious, CEO Ando and I discussed whether the demand for less salt in food products would increase. After that discussion, NISSIN FOOD PRODUCTS developed and marketed a reduced-salt product for *CUP NOODLES*. I was surprised at the speed with which they moved. I recall being impressed

with how the company actively listened for feedback and opinions from outside sources.

Ogasawara After attending my first board meeting, I also felt that NISSIN management actively incorporates outside perspectives. I think NISSIN is flexible enough to listen to objective opinions.

Sakuraba This flexibility and speed are the greatest advantages of the NISSIN FOODS Group. In addition to strategies that include launching a variety of products in succession, NISSIN has been quick to address health, the environment, and other sustainability issues. Having founding

family members at the top makes this speed possible. My role as an outside director is to help elicit those strengths for further corporate management growth.

Ogasawara I was working in impact investing when approached to become an outside director. Impact investing refers to investments aimed at solving social and environmental issues. ESG investing would be a similar term used in companies that are ESG-conscious, but impact investing means investing in companies that have a positive impact on society and the environment, in addition to economic benefits. Even then, I knew about the social impact of the NISSIN FOODS Group on health through products such as *KANZEN MEAL*. I accepted the position of outside director in the hope that I can be of some assistance in balancing economic interests with positive social and environmental impacts.

For the NISSIN FOODS Group to continue to be a sustainable business and generate profits over the medium to long term, the company must visualize and quantify the

Eietsu Sakuraba

**Outside Director (Independent)
NISSIN FOODS HOLDINGS CO., LTD.**

Profile

After joining the Ministry of Agriculture, Forestry and Fisheries, Mr. Sakuraba served in a number of important positions, including Director-General of the Food Industry Bureau. Since retirement, Mr. Sakuraba has been Faculty of Agriculture visiting professor and engaged in advisory activities for academia-industry-finance collaborations. He has in-depth knowledge of food safety, the market environment for raw materials, and environmental issues.



Yuka Ogasawara

**Outside Director (Independent)
NISSIN FOODS HOLDINGS CO., LTD.**

Profile

Ms. Ogasawara has extensive experience in business, including international lending at a government-affiliated financial institution, private-public sector activities at a foreign-affiliated consulting firm, overseas assistance projects at an independent administrative corporation, and impact investment activities at a general incorporated foundation. Ms. Ogasawara provides NISSIN FOODS Group with progressive and outstanding insight on sustainability management.



Outside Director Dialogue



impact on society and the environment. I offer my insight for this purpose.

Mid- to Long-Term Growth Strategy 2030 Progress

Ogasawara We looked over the three-year period of the Mid- to Long-Term Growth Strategy 2030, which began in FY 3/2022, revising the targets and other details. I commend the company in particular for raising the ROE target from 10% over the long term to 15% by 2030 in response to the need for management that is more conscious of the cost of capital.

Sakuraba Yes. However, the somewhat firm impression regarding target values early in the drafting led to more discussions. As one of the leading companies in the industry, having an ambitious plan is important. A company must go beyond what everyone assumes will be attainable and take on more challenges.

Ogasawara Fostering the corporate brand as a group has become a recent discussion topic for the board of directors.

I'm not exaggerating when I say that the NISSIN FOODS Group operating companies are skilled in marketing and have grown through successful product branding. The *CUP NOODLES* brand is well established, as is the *Hiyoko-Chan* character of the *CHICKEN RAMEN* brand noodles. Looking at the NISSIN FOODS Group as a whole, however, gives the impression that other brands are somewhat weak. I think strengthening those other areas with the creative power typical of the NISSIN FOODS Group would be well considered.

Sakuraba Indeed, when we look at the operating companies, we think of NISSIN FOODS, KOIKE-YA, and MYOJO FOODS by the company name, but the NISSIN FOODS Group as a whole is a picture slightly out of focus.

Even today, the NISSIN FOODS Group pursues a variety of initiatives in Planetary Health and Human Well-being, but even here, communicating these initiatives to the outside world is a challenge. With Planetary Health, for example, the main component of *CUP NOODLES* containers is paper. Many customers seem to think the containers are made of styrene foam, so it seems the company is not communicating effectively. The company must also communicate the use of RSPO-certified palm oil, which helps prevent deforestation, protects biodiversity, and respects human rights. The communication must go beyond a logo mark on the container.

Ogasawara Under Human Well-being, I would like to see NISSIN FOODS better highlight its participation in the establishment of the Optimized Nutri-Dense Meals Association.

Sakuraba Such efforts are very important, as they convey very well the enthusiasm of the food industry to collaborate and contribute to well-being.

Ogasawara After becoming an outside director, I was surprised to see such advanced initiatives after looking at the ESG-related issues in detail. From the outside, the impression of *CUP NOODLES* and similar products is quite strong, which

overshadows the image of the company as one pursuing advanced sustainability management. I think the company has some more work to do in communicating those efforts.

The Importance of Strengthening Governance and Human Capital Overseas

Sakuraba The NISSIN FOODS Group Overseas Business is growing at a rapid pace. Overseas Business sales exceeded 30% of total consolidated sales for FY 3/2024, while the ratio of core operating profit was more than 50%. In the process of developing rapidly as a global company, mechanisms and human resources development will be important topics.

Ogasawara How will the company transform its corporate aspects as it rises to a higher stage and makes more money overseas? I sense a challenge there. The company recently launched the NISSIN-style job-based model, which I want to focus on moving forward.

Sakuraba I receive business reports directly from the heads of major group companies in Japan and abroad. More often than not, these reports talk about the market. I think there should be more on the agenda regarding governance.

Ogasawara Seeing the rapidly growing contribution of Overseas Business is a wonderful development. However, organizational development overseas must not be a secondary priority. I think the company is at a stage requiring positive measures, including reviews of various issues and hastening the development and hiring of overseas human resources. These measures can be viewed as organizational growing pains.

Local hires serve as the presidents of NISSIN FOODS (U.S.A.), NISSIN FOODS DE MEXICO, and INDO NISSIN FOODS, but that's not the case in other countries. Even in large-market, high-potential countries such as Indonesia, a Japanese national serves as president. Of course, I won't deny the point

Outside Director Dialogue

of view that calls for establishing a system to generate solid sales and profits first, after which the reins are passed to a local hire as president. However, the idea of globalization by delegating the responsibility to people who understand the local market is also valid.

Sakuraba Developing people is a major topic for the organization and is linked to governance and compliance. Therefore, we, as outside directors, must keep a close eye on overseas governance, human capital, and other initiatives.

Assessing the Effectiveness of Governance

Sakuraba I think outside directors offer more opinions and advice to the board of directors at NISSIN compared with other companies. In cases when we feel efforts in the reported cases are weak, we request more details and updates on response measures, and that the reports come in a timely manner.

Ogasawara The Management Advisory Committee proposal regarding the ratio of female managers came from input from outside directors.

Sakuraba The low ratio of female managers continues to be an issue. I think the company needs to raise the ratio of female managers, not only through promotions, but also through external hires. At the same time, I think the company has made a lot of progress over the past three to four years in terms of diversity.

Ogasawara When I receive reports and look at documents, I try to be aware of any viewpoints that might be missing. This is an important role for outside directors.

Sakuraba I believe that effective governance of the NISSIN FOODS Group is in place since the majority of the board consists of outside directors. Of course, we understand that

some investors may question the inclusion of internal directors as members of the Management Advisory Committee. However, the committee is chaired by an independent outside director and the majority of the committee consists of independent outside directors, so I do not see any particular problem with the current structure.

Succession planning, including the skill set of the CEO, is discussed regularly by the Management Advisory Committee, which continues to develop several candidates. We also receive reports on measures to develop and expand the management talent pool for key posts such as directors, executive officers, presidents of operating companies, and chief officers.

Ogasawara I believe that companies led by founding families are more thoughtful and articulate in their purpose. However, such companies could be susceptible to arbitrary management decisions or may stick to unprofitable businesses. Our role as independent outside directors is to monitor the situation to ensure something like that does not happen.

Future Challenges and Expectations

Sakuraba We set new KPIs for the mid- to long-term management strategy at the end of FY 3/2024. We expect the company will clear these KPIs surprisingly quickly. With growth coming at such a rapid pace, I will do my best to offer objective opinions on areas and issues that I feel may be lacking in the current situation.

For example, I would like to take another look at the relationship between the operating companies and the holdings company, holding active discussions on what should be changed. Those discussions could provide new impetus for growth.

Ogasawara It is true that the relationship between the operating companies and the holdings company has yet to be fully solidified. Integrating the common functions of NISSIN FOODS HOLDINGS and the group companies will create more power, making a greater impact outside the company more clearly.

Sakuraba It may be a good idea to begin by considering the most compatible format for the NISSIN FOODS Group. I would welcome having those discussions.

Ogasawara Again, the company's track record of growth at this speed is commendable. At the same time, NISSIN is taking advanced steps in ESG and sustainability-related areas. I hope that communicating this information better will convey not only the quality of NISSIN products, but also the value and impact on society NISSIN offers as a corporate entity. As outside directors, we will be standing shoulder-to-shoulder, offering encouragement.

