

Q & A

[Date and time] 2024 March

[Speaker] Masato Mizuno, Outside Director, Independent Director of NISSIN FOODS HOLDINGS

(Senior Corporate Advisor of MIZUNO Corporation)



Q: Regarding the tenure of outside directors, there are outside directors who have been serving for a long time, including Mr. Mizuno. How are you thinking about this? From an external perspective, I think that the opinions of outside directors will become stronger if they have been serving for more than 10 years. How are discussions at Board of Directors meetings developed?

A: I believe that NISSIN FOODS HOLDINGS's current composition of directors is well balanced. Certainly, there are some outside directors who have served for a long period of time. On the other hand, with the number of directors having a short tenure increasing, the existence of directors with abundant experience and knowledge has also become important, and I think it is difficult to find a person with knowledge like them immediately. I understand that there are opinions such as "not independent" and "the tenure of office is long." In reality, however, there is no bias in the opinions of specific directors, and solid and deep discussions are being conducted. The more active the Board of Directors discussions are being held so that the proposed proposal may actually be suspended. Directors draw on their respective expertise based on the skill matrix and play an important role in enhancing corporate value. The Chairlady also gives due consideration to the balance and fairness of his statements, and the longer tenure of office does not mean that a particular director has an initiative.

Q: As a statement of focusing on Overseas Business, I think there may be the appointment of foreign directors, but do you think it will be possible to include foreign directors?

A: It is not necessarily the case that foreigners have knowledge of the entire overseas market. They also need the skills to understand the products that are instant menus and to express their opinions to the management of the company with an overall view. Overseas, as instant noodles become more popular, there may eventually be more qualified to serve as a foreign director. For the time being, however, we need to look for people who are well-balanced and can understand Overseas Business rather than being appointed as outside directors simply because they are foreign.

Q: What do you think of the priority of outside directors in maximizing shareholder value?

A: We, the outside directors themselves, also hold shares, and we are constantly aware of maximizing shareholder value. NISSIN FOODS HOLDINGS is committed to developing food, which is the basic of our business. We are focusing on increasing our corporate

value by developing new high-value-added products and investing abroad, and our outside directors offer opinions that we can contribute to this. We feel our conviction to provide consumers with truly delicious products, and we see the results of that business as revenues and represented in our share price.

Q: Regarding the reduction of Cross-shareholdings Policy, is there any change in the course of discussions with customers in relation to changes in the external environmentally friendly (kankyo) and the possibility of accelerated sales of shares by business partners?

A: Cross-shareholdings Policy strategically analyzes the significance and necessity of the holdings and the priority of the sale in the department under its jurisdiction, and the Board of Directors approves the annual policy. We have seen significant reductions over the last few years and have achieved a certain level. We understand that NISSIN FOODS HOLDINGS will continue to pursue reductions in accordance with CG Codification.

Q:With regard to environmentally friendly (kankyo)' capital, NISSIN FOOD PRODUCTS is actively pursuing initiatives. What do you think is more needed to increase your branding and presence in environmentally friendly (kankyo)?

A: Through its environmentally friendly (kankyo) strategy-EARTH FOOD CHALLENGE 2030, NISSIN FOODS HOLDINGS is engaged in a variety of initiatives for environmentally friendly (kankyo). We have set sustainability targets and are promoting sustainable procurement of palm oil and reducing CO2 emissions. We are also engaged in activities to achieve environmentally friendly (kankyo) value target, such as changing the cup of cup noodles to paper. We believe it is important to actively communicate these efforts to outside the company.

Q:Please tell us about the management of the founder. Both NISSIN FOODS HOLDINGS and Mizuno have a free corporate culture, and they are growing. On the other hand, there are some companies that are struggling because they are founders in Japan. What are your thoughts on the management of entrepreneurs? Please also tell us about the succession plan as to COO is proceeding with the following CEO.

A:The Management Advisory Committee, which I chair, is responsible for appointing a successor. While there is also the question of whether it is better to ignore 100% of founders, the Management Advisory Committee chooses fair among multiple candidates in line with the skill set based on objective criteria. Based on my experience in management from the same standpoint, one of the important elements required of a company's top management is a sense of responsibility, which is also listed in the skill set. Whether the top management has any sense of responsibility. When "responsibility" is English-language, it is whether there is a "Responsibility," that is, a "ability" (capability) that "corresponds to" Response. I think the responsibility is not simply to resign in an emergency, but to respond with a sense of speed and to have the awareness and ability to do so. In addition, the Management Advisory Committee impartially and fairly selects candidates from among multiple candidates based on skill set requirements such as experience and breakthrough capabilities.

Q: What kind of ideas are you taking to increase the effectiveness of the Board of Directors?

A: The Board of Directors is the central function of governance, and a number of committees have been established under the Board of Directors, including the Management Advisory Committee and the Comprehensive Risk Countermeasures Committee. Each committee also provides detailed materials to directors, and discussions are conducted efficiently. Based on this information and recommendations, the committee manages and supervises risks.

Q: I feel that NISSIN FOODS HOLDINGS's management is running with a sense of speed. For example, there was a briefing on generative AI the other day, and I was very surprised at the speed of its introduction. There was a discussion that there will be an explanation to the directors in advance. Can we do this because we are working with a sense of speed at the execution stage before that?

A: NISSIN FOODS HOLDINGS takes root in a culture of challenging new things with a sense of speed on a daily basis. For example, for the generation AI, it seems that employees are also actively incorporating the generation AI into their work by conducting training at NISSIN ACADEMY. In fact, we also received lectures from experts and learned about generative AI. Optimized nutritional foods, a new business, is also a very proactive initiative, and I expect it to become a significant pillar of the future.

Q: Please tell us about the background of Mr. Mizuno's appointment as an outside director and his own role. When you took office, you had already appointed the chairman and president, but why were you approached? Please tell us about the changes in the roles required now and in the past.

A: CG Codification was introduced in 2015, and when NISSIN FOODS HOLDINGS increased the number of independent outside directors, we spoke with the help of companies in the Kansai region. I personally served as a member of the Sports and environmentally friendly (kankyo) Committee at IOC (International Olympic Committee) for about 20 years, and as I had knowledge of environmentally friendly (kankyo) initiatives at a global level, I believe that I was in line with NISSIN FOODS HOLDINGS policy, which had already taken the direction of aggressively promoting environmentally friendly (kankyo) strategies at that time. As stated in the Skills Matrix, in addition to the field of corporate management, I provide the Board of Directors with knowledge and experience related to environmentally friendly (kankyo), and I believe that the importance of this field will increase further in the future.

Q: What discussions are being held regarding NISSIN FOODS HOLDINGS's earnings-growth goals and standards for executive compensation, from the perspective of the marketplace and in comparison with other companies, as well as the roles of outside directors? For example, your company is benchmarked against the stock price of TSR (food products), but is it better to see it throughout TOPIX? In addition, we have set targets for Mid-single digit earnings growth and ROE10% growth. Compared to other companies, however, we feel this is not enough. When such growth rate figures have been raised at the Board of Directors meeting, please tell us whether the discussions are being conducted based on the perspective of the market.

A: NISSIN FOODS HOLDINGS's Board of Directors emphasizes stock prices, and employee cafeteria of KABUTERIA at the Tokyo-based headquarters is such that the entire company is aware of stock prices. We also maintained above-market ROE levels despite increases in raw material costs and distribution costs. We incorporate appropriate measures for executive compensation, including a framework with stock price as a benchmark, while referring to trends at other companies. Outside directors also refer to overseas companies and provide opinions that we believe are useful about our company structure. Lively discussions are also being held at meetings of the Board of Directors and executive lunch meetings. Although these discussions are difficult to see externally, they seem to contribute to raising awareness of the company as a whole. The opinions we receive will be taken home and discussed at meetings of the Board of Directors.

Q: Please tell us about the process of large-scale investment decisions.

A: We plan to invest in manufacturing facilities and manufacturing Technology based on a long-term roadmap. The Investment and Credit Committee, an advisory body to the Executive Committee, examines the profitability and significance of investments based on detailed calculations, and then discusses and determines them at the Executive Committee and the Board of Directors.

Q: Please tell us about your environmentally friendly (kankyo) strategy. This meets the market's expectations.

A: In response to environmentally friendly (kankyo) issue, we are pursuing a wide range of initiatives through EARTH FOOD CHALLENGE 2030, including the effective use of resources and measures to combat climate-change. We also recognize the need to develop products tailored to each region's market and raise Growth Strategy while taking into account regional differences.

Q: Mr. Mizuno was also firmly seen as an outside director as far as very detailed, and I was very conveyed to him when I heard about it. On the other hand, from the viewpoint of market participants, there still seems to be room for improvement. Please tell us whether the market's voice has been delivered within the company.

A: As an outside director, I have had the opportunity to talk directly with you about the activities of the Board of Directors in this way, and I feel that I have deepened your understanding. We are aware that there is certainly room for further improvements in the internal feedback we receive, and we believe that we need to continue to draw up Growth Strategy based on the views of our stakeholders. We will constantly aim for growth in the spirit of the corporate slogan of "Growth First, No Top."