

Corporate Governance

Basic Philosophy

The Nichirei Group believes that our management's mission is to continuously increase shareholder value by using capital effectively and earning solid profits.

Toward that end, we are aware that management is charged with the important task of ensuring that our corporate governance establishes transparent corporate management and a level of independence for each manager that will prevent excessive control by any one person. We work through our holding company system to make clear distinctions between business execution and management monitoring functions, to speed up decision-making, and to promote more thorough compliance with laws and corporate ethics.

Directors and the Board of Directors

The Board of Directors shall be composed of no more than 11 members, appointed for a term of one year so as to enhance the flexibility of the Group's response to changes in external conditions. A resolution to appoint directors shall be approved by a majority of at least one third of shareholders with voting rights at the general shareholders' meeting. In order to improve transparency and strengthen supervisory functions, we appointed three outside directors out of 10 members currently serving on the board. The Board of Directors meets at least once a month.

Auditors and the Board of Auditors

Nichirei has adopted a corporate auditing system whereby we appoint two outside auditors – one who has worked at a financial institution and one experienced attorney – among the total of four auditors. In principle, the Board of Auditors meets once per month, and holds additional meetings as necessary. One of these outside auditors heads the Nichirei Group's Director Review Committee, which considers and recommends rewards and punishments for corporate directors.

Independent Status of Outside Directors and Auditors; Participation in the Year Ended March 2009

Outside directors, outside auditors, their close relatives and any companies or organizations whose Boards of Directors they may serve on have no vested interest in Nichirei. In the year ended March 2009, our three outside directors attended 88% of regularly scheduled board meetings. They participated in discussions about business plans involving management strategy

and investment, and in deliberations related to the construction of internal control systems, group strategies, the formulation of management policies, and in monitoring of business execution. The two outside auditors attended 100% of regularly scheduled auditors' meetings, and offered opinions about issues such as asset policies, business plans, and compliance issues.

Committees

In order to insure that our corporate governance functions effectively, Nichirei has established the following committees to serve as advisory bodies to the Board of Directors: Group Human Resources Committee, Group Risk Management Committee, Group Environmental Protection Committee, Group Quality Assurance Committee, Group Internal Control Committee, and Group Director Review Committee. In addition, we established a Management Committee, Intellectual Property Management Committee and Group Employee Review Committee to assist the president. The committees meet as follows:

Group Human Resources Committee	Convened by the chairperson twice yearly plus as needed	Group Director Review Committee	Convened by the committee chairperson as necessary
Group Risk Management Committee	Convened by the chairperson twice yearly plus as needed	Management Committee	Meets every Tuesday except for the third Tuesday of each month
Group Environmental Protection Committee	Convened by the chairperson twice yearly plus as needed	Intellectual Property Management Committee	Convened by the committee chairperson as necessary
Group Quality Assurance Committee	Convened by the chairperson twice yearly plus as needed	Group Employee Review Committee	Convened by the committee chairperson as necessary
Group Internal Control Committee	Convened by the chairperson twice yearly plus as needed		

Risk Management

The Nichirei Group manages the various risks associated with its business activities in the most appropriate and rational ways from a comprehensive standpoint. In order to maximize the Group's corporate value, we established a Group Risk Management Committee chaired by the president. Under Nichirei's risk management system, our holding company and each operating company takes independent measures depending on the types of risk each one faces. Important matters are reported to and discussed by the Board of Directors of the holding company. Nichirei also works to minimize risk by an internal reporting system (Nichirei Hotline).

Internal Audits, Audits by Outside Auditors, and Financial Auditing

In order to audit group management effectively, the auditors of our holding company and three core operating companies cooperate through such means as regularly holding liaison conferences and conducting joint audits. The Corporate Internal Audit Division consists of 11 members, including related staff. It verifies the status of internal controls throughout our management activities by conducting audits of business operations and financial accounts, and offers advice where necessary. In this way, the division ensures thorough legal compliance and observance of our code of conduct, strives to raise awareness of risk management, monitors the condition of facilities at our production plants, distribution centers, and other workplaces, and provides appropriate guidance and advice as part of facility audits.

Ensuring thorough Compliance

Nichirei takes various actions to bolster group-wide compliance with laws and ethics. In order to ensure that all employees comply with laws and Nichirei's internal regulations and behave in accordance with corporate ethics, we created and distribute a "Code of Conduct" and "Examples of Codes of Conduct Application." In addition, we conduct compliance training sessions for regular employees, in order to gain broader and deeper understanding of principles and systems of compliance management.

Thorough Internal Controls

The Nichirei Group is aware that we can increase corporate value

by instituting and implementing an internal control system with goals like improving operational effectiveness and efficiency, ensuring the reliability of our financial reports, ensuring legal and ethical compliance in our business activities, and protecting our assets. We determined the basic policies underpinning our internal control system in accordance with the Corporate Law that took effect in May 2006, but we try to improve the system in response to changes in the management environment and other external factors.

Director Compensation

We use a performance-linked system for determining director compensation. We evaluate each member of the Board based on the scope of their responsibilities and the extent to which the Company achieves initial goals for the term regarding economic value added, operating income, net income and other performance indicators.

Corporate Officer Compensation

Officer	Number of officers	Total compensation	Remarks
Director	10	181 million yen	3 outside directors received 25 million yen
Auditor	5	65 million yen	3 outside auditors received 16 million yen

Notes: 1. "Total compensation" includes bonuses of 50 million yen paid to directors for the fiscal year ended March 2009.
2. The above figures include one outside auditor who retired as of the adjournment of the general shareholders' meeting held on June 25, 2008.

Diagram of Corporate Governance Structure

