

Message from the Chairman



Managerial reforms, better Group management ahead

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Characteristics of Nichirei Group Governance and Expectations of Outside Directors

Companies that are public organizations and, as such, must facilitate the mutual coexistence of stakeholders, must conduct their activities according to societal norms and market standards.

Corporate governance plays an important role in this regard, ensuring that transparent, fair, swift, and resolute decisions are made, thereby increasing long-term corporate value. At the same time, corporate governance requires the implementation of self-directed reforms to function properly.

Separating the execution and supervision of management, corporate governance requires two monitoring activities. The first is scrutinizing through internal risk controls by executive officers responsible for management.

The second is scrutinizing management through external controls, namely, the board of directors and audit and supervisory board members, as well as by shareholders and accounting auditors. In both cases, a spirit of corporate compliance and a healthy corporate culture are vital for proper governance.

The Nichirei Group has a holding company structure that integrates four Group companies, and our basic management policy under this structure emphasizes transparency, simplicity, and decentralization of authority. As we apply this policy, we are promoting the creation of a corporate culture that enables us to generate value while sharing the abundant wisdom we have acquired through the diversity of our Group businesses.

Furthermore, in accordance with our Group mission to Focus on Lifestyles, and Provide True Satisfaction, in April 2019 we adopted a long-term vision that we will continue to support good eating habits and health by leveraging our state-of-the-art manufacturing practices that optimize nature's bounty, along with our leading-edge logistics services. Essentially, our vision is focused on resolving social issues through all of our businesses.

The Board of Directors, which is responsible for monitoring through external controls, has added three outside directors since the fiscal year ended March 31, 2006, and currently has 10 members, including seven inside and three outside directors. Despite its small size, the structure of our Board of Directors enables it to properly supervise operational execution.

Outside directors are expected to use their respective independent standpoints to contribute to effective and efficient decision-making within the Board. Their duties include general supervision of management, which entails the oversight of potential conflicts of interest from a practical perspective based on the directors' abundant expertise and experience in the field of corporate management, and providing advice on the direction of Group management strategies and medium- to long-term policies and issues.

Outside directors meet with members of the Audit & Supervisory Board when necessary. This board currently has a total of five members, two of whom are inside (full-time), while three are outside Board members.

Evaluating the Governance of the Board of Directors

Improving management efficiency by ensuring sound management practices (to improve corporate value and business performance) is one of the major purposes of corporate governance. In order to fulfill this purpose, proper corporate governance must examine whether the Board of Directors is performing as expected.

Accordingly, Nichirei's Board of Directors and Audit & Supervisory Board (totaling 15 individuals) conduct an annual Board of Directors evaluation. The final evaluation report is compiled based on a five-stage evaluation process and a comment section, and utilizes the results of retrospective questionnaires and individual interviews. We have increased the objectivity of the entire evaluation process by accepting support from outside experts and outsourcing elements of the procedure when necessary.

In fiscal 2020, these evaluations produced the opinion that Nichirei's Board of Directors conducts productive discussions, while maintaining an atmosphere in which it is easy to speak one's thoughts.

Based on this assessment, we feel that procedures and the current state of discussions within the Board of Directors are steadily evolving. The fiscal 2020 evaluations favorably viewed adjustments to the Nominating Advisory Committee and the Remuneration Advisory Committee, which are advisory bodies to the Board of Directors.

Meanwhile, the free comment section of the evaluation report has several remarks related to increasing the depth of the discussions held by the Board of Directors, including comments concerning the achievement of an ideal degree of Board diversity, the reinvigoration of discussions regarding succession plans within the Nominating Advisory Committee, and the improved quality of agenda items submitted to the Board for discussion.

We will continue to conduct regular evaluations of our directors in a bid to make the Board increasingly effective.

Efforts to Enhance Corporate Governance

It is said that management results are determined by the quality of on-site capabilities and decision-making, and I find that high-quality decision-making results when management teams can produce timely, rational decisions and quickly adjust their trajectories as necessary. Thus, we will continue to implement self-directed managerial reforms based on the results of Board of Director evaluations as we work to boost the quality of our Group management.

In future, we will strive to achieve sustainable growth through value creation that is unique to the Nichirei Group, and continue our endeavors to strengthen our effective corporate governance with the goal of raising our medium- to long-term corporate value. We humbly request continued support from our shareholders, investors, and other stakeholders as we pursue these targets.