

Management Section

The Kikkoman Group strives to build and strengthen its management framework in order to fulfill its corporate social responsibility as a good corporate citizen.

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Corporate Governance

We continue to improve and enhance our corporate governance system while upgrading our internal control system to ensure that operations are conducted in an appropriate manner.

Basic Approach

We believe that responding effectively to the changing business environment and maximizing corporate value through the enhancement of Kikkoman Group management form the true basis for running a company with the mandate given by shareholders.

We also consider one of our most important management priorities to be executing sound governance in order to fulfill our corporate responsibilities to all stakeholders.

Corporate Governance Framework

Kikkoman employs a corporate auditor system. We have taken additional steps to improve and enhance our corporate governance framework with the aim of achieving greater management transparency, clearly defined management responsibility, speedy decision-making, and stronger management oversight. Specifically, we have introduced a corporate officer system, appointed outside directors and auditors, and formed a Nominating Committee and Remuneration Committee.

In 2001, we introduced a corporate officer system to expedite decision-making and streamline responsibilities for business execution. The Board of Directors formulates Group management strategies, makes important decisions based on its internal decision-making guidelines, and oversees business execution by corporate officers. In 2004, we established the positions of chairman of the board and Chief Executive Officer (CEO), and president and Chief Operating Officer (COO). The CEO is the highest-ranking decision-maker in our Group management structure. Under the CEO, the Management Committee functions as a deliberative body for decision-making. The COO holds the ultimate responsibility for making operational decisions and ensuring execution of the business operations of Kikkoman Corporation. Under the COO, the Corporate Officers Meeting functions as a deliberative body for decision-making.

The corporate auditors conduct audits in accordance with rules, auditing policies, and audit plans established by the Board of Corporate Auditors. When planning and carrying out audits at the end of the interim period and the fiscal year, the corporate auditors meet with the independent auditors to hear briefings on plans and reports and exchange opinions. The corporate auditors work with the Internal Auditing Department in carrying out their auditing duties.

In 2002, we established a Nominating Committee and Remuneration Committee, each body comprising three directors, two of whom are outside directors. The Nominating Committee makes recommendations to the Board of Directors on candidates for director, corporate auditor, and corporate officer. Candidates for corporate auditor are approved by the Board of Corporate Auditors. The Remuneration Committee formulates remuneration proposals for directors, corporate auditors, and corporate officers.

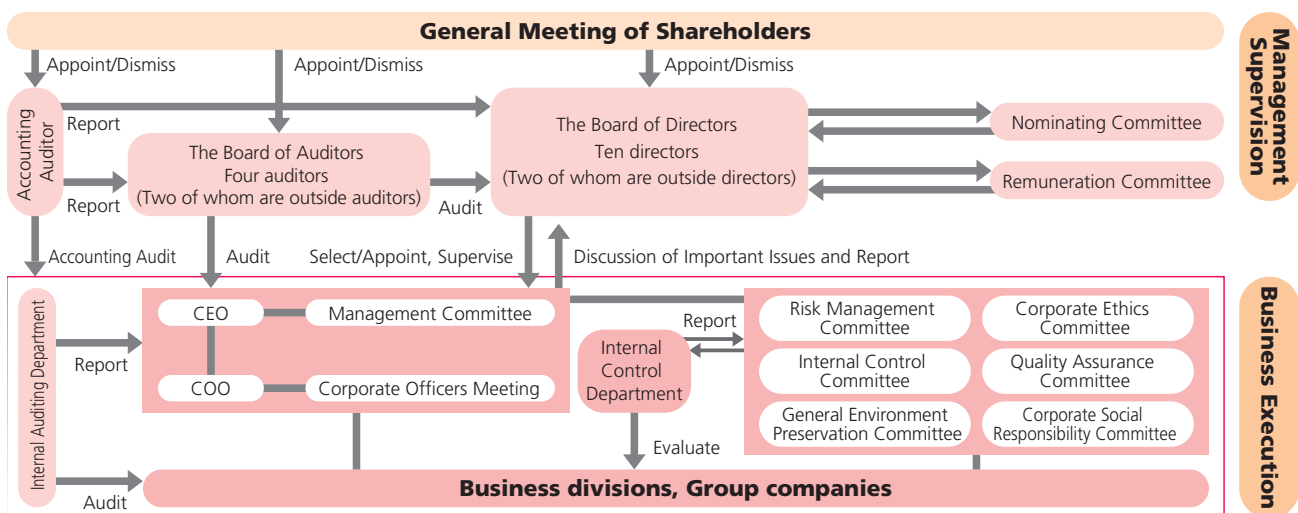
Internal Control System

Establishing an internal control system that ensures proper execution of business practices is high on our corporate agenda. Accordingly, we have been making Group-wide efforts to develop an enhanced framework for ensuring effective and efficient operations as well as compliance with laws and regulations.

We periodically review and update a basic policy for "Establishing an Internal Control System" that the Board of Directors adopted in May 2006.

In addition to establishing an Internal Control Committee and Internal Control Department in November 2008 in order to comply with a new internal controls reporting system mandated by the Financial Instruments and Exchange Act, which went into effect in April 2008, we have both adopted a basic policy concerning internal controls as they relate to financial reporting and established a structure for strengthening internal controls related to financial reporting.

● Corporate Governance System (As of March 31, 2009)



Compliance

We're striving to put in place a framework to ensure compliance with laws and social norms and to raise employee awareness of such compliance.

Kikkoman's Code of Conduct and Compliance System

The Kikkoman Group has established a Code of Conduct, which states that every officer and employee should execute his/her duties with a sense of ethics and mission, and should contribute to the development of society. Kikkoman has established a Corporate Ethics Committee to ensure that the Code of Conduct is put into practice. The committee comprises two outside experts such as lawyers and three Kikkoman directors and/or corporate officers. Members are responsible for reviewing and implementing all compliance-related policies and measures for the Group.



Pocket Guide

Compliance Education and Awareness Programs

To raise employee awareness of and enforce corporate ethics based on our Code of Conduct, we provide compliance education during training sessions for all managers/supervisors, newly appointed managers/supervisors, and new mid-career hires. Compliance education is also incorporated into training programs for all new recruits.

All managerial employees holding positions of director, corporate officer, manager/supervisor, within Kikkoman Corporation, as well as the presidents of Group companies, are obliged to submit an annual written oath to the CEO pledging their compliance with the Code of Conduct. The entire Group strives to practice compliance with corporate ethics as well as laws and regulations.

Kikkoman Group legal affairs officers and other personnel conduct compliance fact-finding missions to domestic and overseas Group companies. The Mission, which visited three companies in the United States during FY2008, inspected three companies in Shanghai and Taiwan in FY2009. Other compliance education and awareness programs included compliance audits of Group companies in Japan by the Internal Auditing Department.

During FY2010, the Mission plans to continue site-based awareness-raising activities through visits to Group companies in Japan and overseas.

Ethics Hotline

Kikkoman has established an ethics office that provides a communication channel for employees to report on compliance violations, including violations of the Code of Conduct. Employees are made aware of the office through internal notices, company newsletters, and training sessions. In FY2008, the office was opened to part-time workers and temporary workers in an effort to enhance the Company's internal reporting system. Group companies continue efforts to open ethics offices, and some have implemented systems that allow their employees to make use of Kikkoman's ethics office. The office provides two ethics hotlines: an external hotline that is managed by an outside lawyer as well as an internal hotline that is staffed with employees as part of the Secretariat of the Corporate Ethics Committee. Both hotlines receive reports via dedicated phone line, fax, email, and dedicated post office box.

When the office receives a report, an internal investigation is conducted, corrective measures taken, and feedback provided to the individual who initiated the report. The Corporate Ethics Committee Regulations stipulate protection for whistleblowers against any backlash or disadvantage that might result from submission of a report.

Protecting Personal Information

Kikkoman is committed to handling personal information in an appropriate manner. In addition to establishing a Personal Information Protection Committee to oversee and verify the protection of personal information companywide in accordance with our Personal Information Protection Regulations, which lay out systems and guidelines relating to the protection of personal information, we have put in place a system for aggressively protecting the confidentiality and integrity of personal information by assigning personal information protection officers and supervisors in all of the Company's departments.

We have also compiled a series of rules outlining precautions that should be taken in everyday activities, for example concerning the appropriate use of mobile phones, and Q&As addressing hypothetical situations. We strive to ensure broad employee awareness of this content, for example through internal training sessions.

Topics

Compliance System Questionnaire

- Kikkoman administered a compliance system questionnaire in FY2009. The biennial survey, which is given to all employees, including part-time and temporary workers, is designed to gauge awareness of the Code of Conduct and to assess the extent to which the ethics office is being utilized. The results of the questionnaire were reported in the February 2009 issue of the company newsletter, and the Company plans to develop its compliance system based on the feedback that was received.

Risk Management and Framework to Promote Corporate Social Responsibility

We're working to enhance the management framework by means of which we prevent the emergence of risks. We've also developed a framework to promote activities related to corporate social responsibility, and we're actively involved in associated initiatives.

Risk Management System

At Kikkoman, each corporate officer manages his/her division so as to prevent the emergence of perceived risks relating to our corporate activities. We also have a Risk Management Committee in place to establish an effective risk management system and to respond promptly to crises that could negatively impact our business.

When Kikkoman subsidiary Pacific Trading discovered in 2008 that mackerel and other processed foods exported to Australia had been labeled improperly, the company reported the incident to local authorities and initiated a recall of the affected products. To prevent similar problems from recurring in the future, the company rechecked labeling on all of the products it handles and reviewed the verification systems in place.

We also updated a manual developed in 2007 to guide the Group's response to a potential pandemic flu outbreak, and Kikkoman set aside a store of masks and other supplies.

Framework to Promote Corporate Social Responsibility

We believe that the basis of corporate social responsibility (CSR) lies in practicing "what we can do for society" through our business operations and in fulfilling our responsibilities to stakeholders.

In 2005, Kikkoman established a Corporate Social Responsibility Committee, a cross-divisional, cross-functional body to promote associated initiatives. Several departments are represented on the committee, including Public Relations & Investor Relations, Environment, General Affairs, Human Resources, Corporate Planning, and Foreign Operations.

The committee plays a central role in communicating and promoting CSR policies and initiatives internally, and in systematizing the diverse CSR activities that the Kikkoman Group has been carrying out with stakeholders. It also works as a driving force to continuously improve CSR-related activities through the PDCA (Plan-Do-Check-Act) management cycle.

● Framework to Promote Corporate Social Responsibility

