



Corporate Philosophy-based Management to Become a “Strong Company”

Hidenori Nishi

Chairman of the Board of Directors

Founder's intentions as the foundations of our corporate governance

“Appreciation,” “nature” and “corporate openness.” Our corporate philosophy originates from the intentions behind the foundation of the company as defined by the founder, Ichitaro Kanie. It refers to Ichitaro Kanie's mindset throughout his life and represents “appreciation,” which is our management spirit, “nature,” as the origin of Kagome's manufacturing, and “corporate openness,” which is a source that creates value through fair and transparent assessments and actions inside and outside the company. These were clearly stated in 2000 as a philosophy appropriate for a 21st century company with over one hundred years' history. This was four years after the first president from outside the founding family was appointed in 1996. They became the behavioral guidelines for employees to this day and the core of all corporate activities as a commitment to the stakeholders involved in management.

Creating “Kagome Fan Shareholders” for using external eyes in management

At the time, we received a largely skeptical response as to whether we could achieve “the Creation of 100,000 Kagome

In order to collaborate with external entities and accelerate challenges towards new business in our aim for further growth, we needed to evolve in terms of “corporate openness.” For this reason, we made the decision to incorporate “external eyes” that connects us to society into our management. We began endeavors geared toward “the Creation of 100,000 Kagome Fan Shareholders” in 2001, and in 2014 we brought in three external directors prior to enforcing our corporate governance code. Furthermore, in 2016 we revamped our management system into a corporate structure with an audit and supervisory committee.

Fan Shareholders” that we set forth in 2001. However, the number of shareholders continued to grow each year, reaching

100,000 in September 2005 and surpassing 200,000 in December 2014. The reason we were able to achieve our goal of creating 100,000 Kagome Fan Shareholders is that we focused on engagement with our shareholders. From 1998, we changed the date of the General Meeting of Shareholders so that it was no longer held on the day on which many companies hold their shareholders' meetings. We run events designed to promote direct dialogue and interactions with “Kagome Fan Shareholders,” including large-scale events with over 5,000 participants such as “Get-togethers with Shareholders for a Taste of Kagome” and “Kagome

Shareholder Forums;” we distribute “Gifts for Shareholders” twice a year; and, in recent years, hold events that include “Talks with the President” and “Production Plant Tours.” We have received critical opinions, suggestions, endorsements and encouragement from our shareholders as fans of Kagome products, and we have incorporated input from these events and from surveys into management in diverse ways. As a result of these specific initiatives aimed at corporate openness, we have been able to achieve a highly transparent management system by monitoring our management with as many “external eyes” as possible.

Further strengthening of “autonomy” complemented by “heteronomy”

We had been assessed by third parties as being a “good company” but did not receive a high assessment from institutional investors. In order that Kagome's strengths be highly and widely understood by further strengthening “autonomy” complemented by “subordination” to overcome our inward-looking mindset, we decided to pursue a higher level of accountability by bringing in external directors who have extensive management experience and are highly knowledgeable in their respective fields of specialization.

These external directors have provided us pointers for improvements such as the method of deliberation by the Board of Directors and risk handling and contingencies in overseas business which we could not have foreseen by ourselves, based on their extensive experience and perspectives that are lacking in our company. We reported the results of a survey on an assessment of the Board of Directors and individual interviews with external directors that we conducted in fall of 2016 to the Board of Directors, from which we extrapolated

issues and embarked on specific improvements. Meanwhile, we also arranged for external directors to inspect work sites such as overseas fields and production plants so that their statements are based on a greater understanding of our company.

Following the amendment to the Companies Act enacted in May 2015, our company transitioned to a corporate structure with an audit and supervisory committee. We are aware that this is a system that is unique to Japan but our aim is not the formalization of the structure but the creation of an organization and system that can function appropriately and effectively.

A corporate structure with an audit and supervisory committee is an organizational structure that is a hybrid between a corporate structure with corporate auditors and a corporate structure with committees, and one that has a high degree of flexibility and the ability to optimize the balance between “autonomy” and “heteronomy.” We will implement corporate governance that maximizes these advantages.

Aiming to be a strong company

As part of our transition to a corporate structure with an audit and supervisory committee, we restructured our management system. We separated the management of operations implementation from governance, and established management meetings to undertake the implementation of operations separately from the Board of Directors.

Going forward, we aim not only to be a “good company” in line with the expectations of our 200,000 “Kagome Fan Shareholders” by means of expedited decision-making, enhanced flexibility, clarified business responsibility, and strengthened management supervisory functions, but also to be a “strong company” that responds to the guidance and

expectations of institutional investors. Furthermore, based on our awareness of “creating a company with strong diversity,” we will focus internally on reforming the way our employees work, which forms the foundation for promoting this goal.

We believe that corporate governance is not something to be formally addressed but is a tool, the importance of which is understood by all employees as well as directors, to help us realize our corporate philosophy. By proactively using this tool, I am confident that we will evolve into a strong company that will survive over time.

Corporate Governance

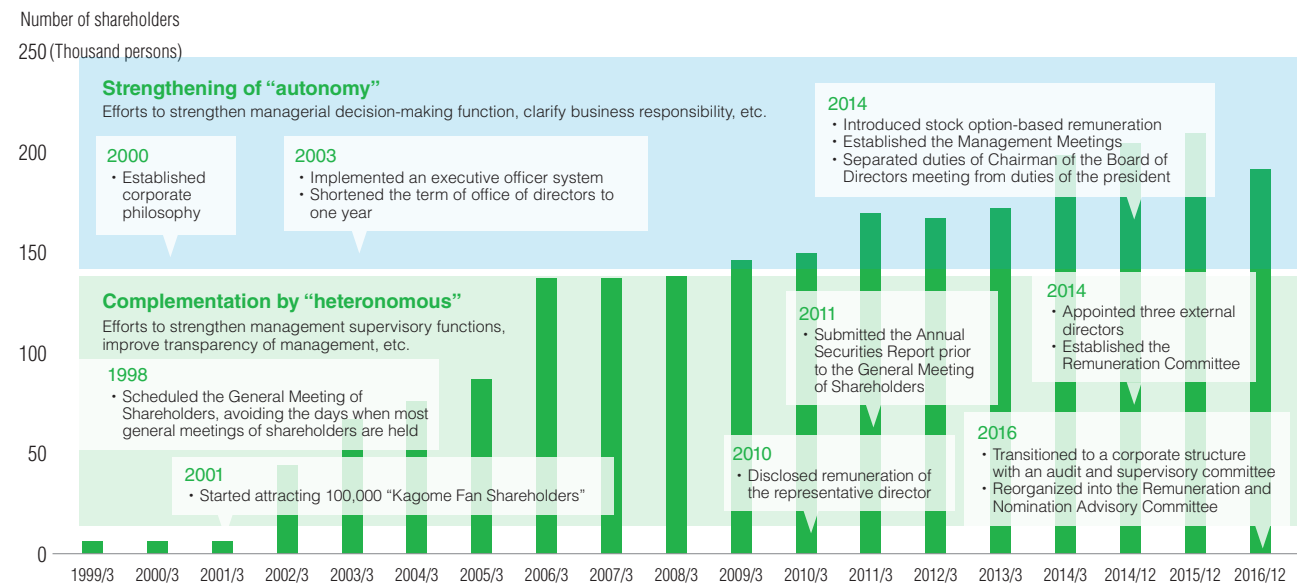
Basic Policy of Corporate Governance

In accordance with our corporate philosophy of "appreciation," "nature" and "corporate openness," we aim to achieve sustainable growth and improve the mid- to long-term value of the company. We acknowledge corporate governance to be a critical management issue toward these objectives. Our company considers further strengthening of "autonomy" complemented by "heteronomous" to be the fundamentals of our corporate governance. We will ensure objectivity and

transparency, forming a basis by designing our own concept of corporate governance adapted to the present day, while incorporating diverse outside viewpoints by working to attract more "Kagome Fan Shareholders" and leveraging the function of external directors among other things. We aim to deliver a high degree of accountability and achieve true "corporate openness" in our interactions with stakeholders, while employing the unique attributes and originality of Kagome.

History of corporate governance and historical trends in the number of shareholders

History of our corporate governance is a culmination of our efforts to achieve "corporate openness" as part of our corporate philosophy which can be traced back to the aspirations of our company founder. We have been continuously evolving up to the present through public offering of our shares, separation of capital from management, etc. in the past.

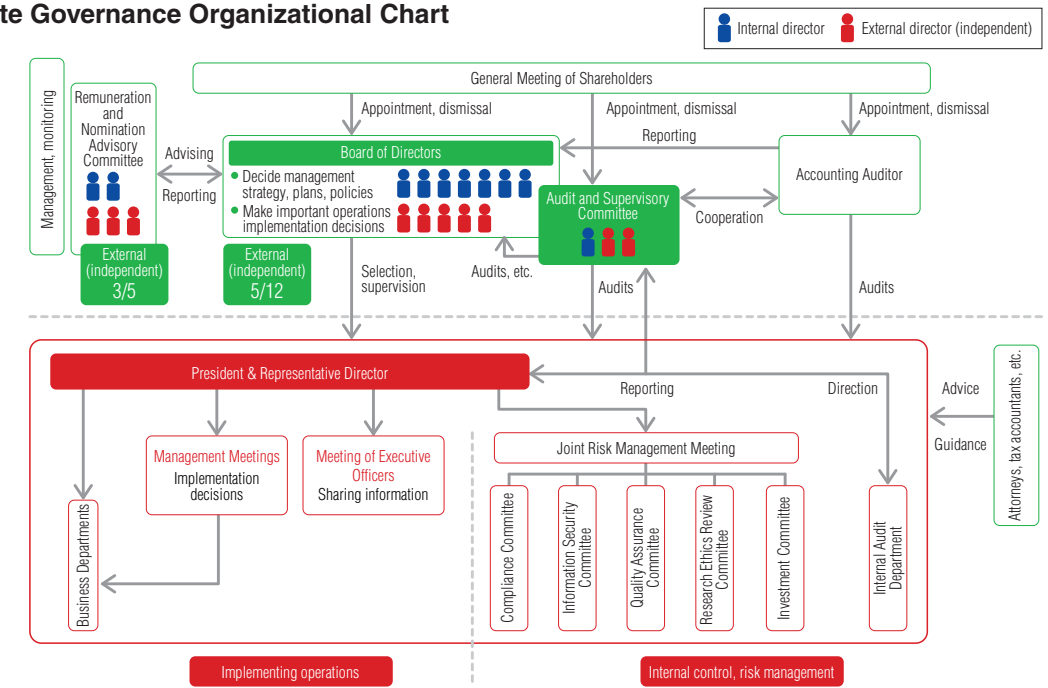


Corporate Governance System

In March 2016, we transitioned to a corporate structure with an audit and supervisory committee. This transition separates executive functions from supervisory functions, which helps clarify business responsibility and speed up decision making and execution of operations. Upon this transition, the main duties of the Board of Directors at our company are to decide our management strategy and policies, and monitor their implementation. In order to separate execution from supervision, the chairman of the Board of Directors is designated as the Chairman of the Board of Directors meeting, and three or more external directors who satisfy the Standards for Judging the Independence of Independent External Directors set out by our company are appointed. This is boosting our effectiveness with improved, enhanced advisory and supervisory functions. The audit and supervisory committee sets a policy of having one or more standing audit and supervisory committee members, and uses internal control systems to audit the legality and appropriateness of the operations implemented by the directors. Nomination and remuneration of directors are deliberated by

the Remuneration and Nomination Advisory Committee, in which independent external directors account for one half or more of its members. The results of the deliberation are advised to the Board of Directors, who then determines the nomination and remuneration of directors, thereby enhancing fairness and appropriateness. Under our executive officer system, we are using set criteria to delegate implementation responsibilities and authority to our departments. In addition, we have established the Meeting of Executive Officers in order to convey and make known the Board of Directors' resolutions and reported matters as well as to facilitate communication and coordination among executive officers. Furthermore, the Management Meetings have been established under the leadership of the president to ensure business is executed agilely and through mutual coordination. Deliberations in the Management Meetings enable appropriate risk taking and also produce clear allocations of responsibilities, while enabling us to make decisions in an expedient manner.

Corporate Governance Organizational Chart



Kagome's Policy on Appointing Directors

Our Company has a policy of appointing three or more independent external directors to its Board of Directors that comprises ten or less directors (excluding directors who are audit and supervisory committee members) and seven or less directors who are audit and supervisory committee members. In addition, our company seeks to appoint persons, who have a wealth of knowledge and experience and high capability, as directors from various fields in a well-balanced way, with a view to making the Board of Directors demonstrate its functions to the fullest extent for the improvement of corporate value over the mid- to long-term.

Specialized areas of external directors

	Corporate management	Global	Society, economy	Accounting, tax	Law	Diversity	Food
Seiichi Kondo		○	○				
Takayuki Hashimoto	○					○	
Hidemi Sato						○	○
Morihiro Murata		○		○			
Hiroshi Mori				○	○		

Standards for Judging the Independence of Independent External Directors of the Company

The Company deems an external director to have sufficient independence in the event that he/she meets the Standards for Judging Independence as described below:

- 1) A person who is not or was not in the past a director, audit & supervisory board member (excluding outside officer), executive officer or employee of the Kagome Group
 - 2) A person who is not or has not been a major shareholder of the Kagome Group in the past five business years (pertains to a shareholder who holds 10% or more of the total voting rights of the shares of the Kagome Group), or a person who is not director, corporate auditor, executive, executive officer or employee of an entity for which the Kagome Group is a major shareholder
 - 3) A person who is not director, corporate auditor (excluding outside officer), executive, executive officer or employee of a major business partner of the Kagome Group (pertains to a business partner whose amount of transactions with the Kagome Group is 2% or more of the consolidated net sales of the Kagome Group in any of the past three business years)
 - 4) A person who is not director, corporate auditor (excluding outside officer), executive, executive officer or employee of an entity for which the Kagome Group is a major business partner (pertains to a business partner whose amount of transactions with the Kagome Group accounts for 2% or more of the consolidated net sales of the business partner in any of the past three business years)
 - 5) A person who is not officer or employee of corporations or organizations that receive a large amount of donations* from the Kagome Group
* An average of 10 million yen or more annually in the past three business years, or an amount that is 2% or more of net sales or total revenue of the recipient
 - 6) A person who is not director, corporate auditor (excluding outside officer), executive, executive officer or employee of a corporation which mutually exchanges directors, corporate auditors or executive officers with the Kagome Group
 - 7) A person who has not been representative partner, partner or employee of the accounting auditor of the Kagome Group in any of the past five years
 - 8) A person who is not an attorney-at-law, a certified public accountant, a certified tax accountant, consultant or other professional who receives a large amount of remuneration* from the Kagome Group, other than compensation as an officer.
* On the average in the past three business years, 10 million yen or more in the case of an individual and 2% or more of consolidated net sales in the case of a corporation
 - 9) A person who is not the spouse, a relative within the second degree of kinship or a relative living together of any person described in 1) through 8) above
 - 10) A person whose total term of tenure as external director is within eight years
- Note: The Kagome Group refers to Kagome Co., Ltd. and its subsidiaries.

Initiatives to Enhance the Effectiveness of the Board of Directors

- Revision of the rules for submission of proposals to the Board of Directors (transition to the Management Meetings)
- Making annual schedule of proposals to the Board of Directors
- Providing external directors with prior explanation of proposals to the Board of Directors
- Holding meetings for external directors to share the matters deliberated in the Management Meetings
- Conducting site visits to the company's overseas subsidiaries by external directors
- Changing seats in the Board of Directors meetings

Director Remuneration

Our company's director remunerations, etc. comprise basic compensation, bonus linked to business performance and (cash) stock options. The proportions of each of the above remunerations are determined based on the positions of directors. Basic compensation is a fixed-amount compensation which is determined based on the importance of roles played by directors. Both bonus and stock option are determined based on consolidated profit indicators as company-wide business performance and contributions made by the individual director. Stock options are incentives for medium-term and multiple-year management and are designed to be exercisable based on consolidated profit indicators after certain period of time from the time of allotment as exercise conditions. Accordingly, exercisable

number of these stock options is determined according to the degree of attainment. Compensation to director, audit and supervisory committee members and external directors each comprise basic compensation.

In fiscal 2014, the Remuneration Committee, as an advisory body to the Board of Directors in which external directors account for one half or more of its members, was established in order to enhance transparency and objectivity in determining director compensation, etc. In fiscal 2016, the same committee was given functions as an advisory body concerning nomination of directors, and was then reorganized to become the current Remuneration and Nomination Advisory Committee.

Remuneration and Nomination Advisory Committee Held four times every year

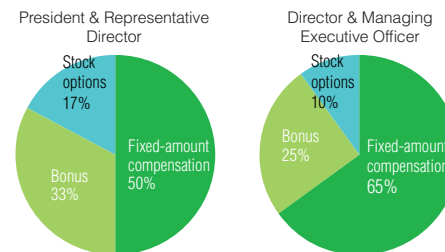
Fiscal year in which the committee was convened	Matters deliberated
2016	The first committee • Determination of the amount of director bonus for fiscal 2015
	The second committee • Transition to Remuneration and Nomination Advisory Committee • Succession plan for fiscal 2016 • Director compensation for fiscal 2016 • Compensation to overseas CEO
	The third committee • Market data on director compensation for fiscal 2016 • Estimates of variable compensation expected for fiscal 2016
	The fourth committee • Report of results of executive assessment for executives and CS as well as 360-degree survey
2017	The first committee • Determination of the amount of director bonus for fiscal 2016 • New appointment and reappointment of directors in fiscal 2017
	The second committee • Members of Remuneration and Nomination Advisory Committee in fiscal 2017 • Director compensation for fiscal 2017 • Business performance indicators for fiscal 2017

Director compensation

Category of directors	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)			Number of eligible directors (persons)
		Basic remuneration	Stock options	Bonus	
Directors (excluding audit and supervisory committee members)*	309	176	19	113	7
Auditors, directors (audit and supervisory committee members)*	25	25	-	-	3
External directors	48	48	-	-	6

* Excluding external directors
Our company transitioned to a corporate structure with an audit and supervisory committee as of March 25, 2016.

Composition of director compensation (a part)



Results of Evaluation of the Effectiveness of the Board of Directors

Our company ran an evaluation concerning the effectiveness of the board of directors in October 2016. An overview of the results is described below.

<p>1. Methods of evaluation Conducted surveys to directors (27 items within 6 categories) Categories of surveys are as follows. 1) The Board of Directors in general (improvement of corporate value, decision-making, implementation and supervision, etc.) 2) Composition of the Board of Directors (size, ratio of external directors, diversity, etc.) 3) Matters to be submitted and reported (completeness of themes, timing of submission, report of progress, etc.) 4) Operation of the Board of Directors meetings (frequency of meetings, length (explanation and deliberation), leadership of the chairman, support by the secretariat, etc.) 5) Discussions at the Board of Directors meetings (provision of information, Q&A sessions, application of results of deliberation, etc.) 6) Corporate governance system (system appropriate to our company, appointment of executives, remuneration system, dialogue with stakeholders, etc.) Interviews to external directors (five persons) by the chairman of the board of directors meeting</p> <p>2. Overview of results of evaluation After having engaged in discussions in consideration of the matters above, our Board of Directors evaluated that it functions appropriately overall in all of the categories 1) through 6) and that the board of directors was effective. Items that were highly evaluated in particular are as follows.</p>	<ul style="list-style-type: none"> • The Board of Directors makes prompt and flexible decisions. • A line is clearly drawn between matters to be resolved by the Board of Directors and matters to be resolved under the responsibility of implementing side. • The size of the Board of Directors (number of members) is appropriate. • The ratio of internal and external directors is appropriate. • Time is allocated in accordance with priority level of proposals. • At the Board of Directors meetings, the chairman exercises leadership appropriately in the proceedings. • After discussion by the Board of Directors, matters are reviewed and revised as necessary. • Compensation system is designed with appropriate incentives. <p>On the other hand, with regard to operation of the board of directors meetings, matters were brought up and constructive feedback was given on materials for the board of directors meetings, explanation of proposals, etc. for securing ample deliberation time. Furthermore, with regard to the corporate governance system, delays in activities related to implementation of selection process of executives, etc. were pointed out by some directors, hence they are to be discussed at the board of directors following discussion at the Remuneration and Nomination Advisory Committee. Reflecting on the results of the evaluation concerning the effectiveness of the Board of Directors, we seek to further improve its effectiveness going forward.</p>
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Response to the Corporate Governance Code

Our company considers the Corporate Governance Code as requests and expectations from the society, and has actively worked toward its achievement. Consequently, we judged that all of the items have been implemented as of April 2017; however, we are never satisfied with the status quo and will further evolve and develop in accordance with the basic policy. For details, please refer to our corporate governance report.
(Kagome website: www.kagome.co.jp/company/ir/stock/governance)

Message from External Directors

Aiming for governance which utilizes power outside the company effectively.

Since I assumed office as External Director in June 2014, I have been consistently working as "external eyes." Make constructive statements based on objectivity with a view of common knowledge outside the company and personal insights accumulated during my career, and ultimately, make decisions not in terms of contrasting the inside to the outside of the company but in terms of finding an optimal way to improve the corporate value. Having repeated this process, we have developed a system which enables decision-making process with effective utilization of power from outside the company.

To push ahead with reforming the board of directors, Kagome conducts surveys on evaluation of the board of directors and interviews to external directors. Centered on Chairman Mr. Nishi and President Mr. Terada, we are highly motivated toward promotion of reform, taking opinions from outside the company seriously. One example, albeit minor, is a proposal from Chairman Mr. Nishi, where we started changing seats at the board of directors meetings. Prior to this event, seating of internal directors was separated from external directors. But by arranging seating of internal directors and external directors alternately, the discussion at the meeting has been even lively than ever before.

On the other hand, there are remaining issues, some of which are overall time control of the board of directors meeting and depth of discussions. Although these issues have considerably been improved during the past three years, it is necessary to shorten explanation time of each proposal and deepen genuine discussions. For instance, power from the outside needs to be utilized more effectively in essential parts of important agenda such as medium- and long-term management strategy, risk issues, M&As, etc. In particular, as part of corporate risk management, matters which are difficult to change due to internal circumstances need to be changed greatly by using power from outside the company.

Through further implementation of reform, I strongly believe that Kagome will improve its corporate value under its outstanding corporate governance to become a global company.



Takayuki Hashimoto
External Director



Morihiro Murata
External Director
Audit and Supervisory Committee Member

Aiming for a corporate structure with an audit and supervisory committee with enhanced "management supervision functions"

"It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change" is one of Darwin's most popular quotes. Kagome has been reorganized from a corporate structure with corporate auditors to a corporate structure with an audit and supervisory committee. I became an Audit and Supervisory Committee Member from Corporate Auditor, and also an External Director with voting rights at the board of directors meeting. Upon the transition to a corporate structure with an audit and supervisory committee, the number of directors including myself in charge of management supervision functions has been increased and management supervision functions at the board of directors have been enhanced. This evolution is a step which leads to the strengthening of the corporate governance required by society.

Kagome's corporate governance has been consistently evolving under the leadership of Chairman Mr. Nishi and President Mr. Terada, looking ahead of changes of the times. In June 2014, our company appointed external directors and started implementing management which effectively utilizes external opinions. Furthermore, we conduct surveys on evaluation of the Board of Directors and interviews to external directors, and are working on reforming the Board of Directors by actively incorporating suggestions from external directors.

For instance, with regard to an overseas project, I raised an objection to its business continuation at the Board of Directors meeting, after I conducted site visits to local plants and judged the project as being at higher risk. As a result of a discussion, adopted decision was made to discontinue the business. This has left a strong impression on me as an example of steadily increasing the management supervision functions of the Board of Directors in which the external eyes are incorporated.

I believe that skill in enforcing corporate governance determines corporate competitiveness and corporate value. By leveraging my career as a professional accountant, I am committed to enhance and strengthen management supervision functions which are a foundation of evolution of corporate governance.

Introduction of Executives (as of March 28, 2017)



Hidenori Nishi

(Born January 6, 1951)
Chairman of the Board of Directors

Remuneration and Nomination
Advisory Committee Member

1975 Joined the Company
2000 Director
2004 General Manager, Tokyo Sales Office
2007 Chairman of Kagome Inc. (U.S.)
2008 Director & Senior Managing Executive Officer of the Company Director, Business Management Division
2009 President & Representative Director
2014 Chairman of the Board of Directors & Representative Director
2016 Chairman of the Board of Directors (to present)
[Significant concurrent positions]
Outside Director of Dynapac Co., Ltd., Outside Director of NAGASE & CO., LTD.



Naoyuki Terada

(Born February 5, 1955)
President & Representative Director

Remuneration and Nomination
Advisory Committee Member

1978 Joined the Company
2004 General Manager, Sales Promotion Department
2005 Director & Executive Officer
2006 General Manager, Tokyo Sales Office
2008 Director & Managing Executive Officer
2008 Director, Consumer Business Division
2010 Director & Senior Managing Executive Officer
2010 Sales Division Director
2014 President & Representative Director (to present)



Yoshihide Watanabe

(Born March 4, 1958)
Director & Senior Managing Executive Officer
Director, Corporate Planning Division

1982 Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
1998 Joined Cerberus Japan K.K.
2003 Joined Industrial Revitalization Corporation of Japan
2007 Joined the Company; Special Adviser
2008 Executive Officer
2009 Director, Corporate Planning Division (to present)
2016 Director & Senior Managing Executive Officer (to present)



Seiichi Kondo

(Born March 24, 1946)
External Director

Independent

Remuneration and Nomination
Advisory Committee Member

1972 Joined the Ministry of Foreign Affairs of Japan
1999 Deputy Secretary-General, Organization for Economic Co-operation and Development
2006 Ambassador Extraordinary and Plenipotentiary to Permanent Delegation of Japan to the United Nations Educational, Scientific and Cultural Organization
2008 Ambassador of Japan to the Kingdom of Denmark
2010 Commissioner for Cultural Affairs
2014 External Director of the Company (to present)
[Significant concurrent positions]
Outside Director of JX Holdings, Inc.
Outside Director of Pasona Group Inc.



Takayuki Hashimoto

(Born July 9, 1954)
External Director

Independent

Remuneration and Nomination
Advisory Committee Member

1978 Joined IBM Japan, Ltd.
2008 General Manager, Sales, Japan
2009 General Manager, IBM Japan
2014 External Director of the Company (to present)
[Significant concurrent positions]
Honorary Advisor, IBM Japan, Ltd.
Outside Auditor of IHI Corporation
Outside Member of the Board of Mitsubishi Chemical Holdings Corporation
Outside Director of CHUBU Electric Power Co., Inc.



Hidemi Sato

(Born February 17, 1959)
External Director

Independent

1981 Joined Mitsubishi Electric Corporation
1996 Completed Doctoral Program at Graduate School of Ochanomizu University; took a doctorate (Doctor of Philosophy in Food Science)
1997 Part-time lecturer at Fukushima University, The Open University of Japan, Nippon Veterinary and Animal Science University (currently Nippon Veterinary and Life Science University)
1999 Part-time lecturer at Meiji University College
2015 Visiting professor at Nippon Veterinary and Life Science University (to present)
2017 External Director of the Company (to present)
[Significant concurrent positions]
Visiting professor at Nippon Veterinary and Life Science University



Katsuyuki Miwa

(Born August 5, 1955)
Director & Senior Managing Executive Officer
Director, Production & Purchasing Division

1979 Joined the Company
2005 President & Representative Director of Kagome Labio Co., Ltd.
2010 Executive Officer of the Company
2010 General Manager, Production Department, Production & Purchasing Division
2013 Managing Executive Officer
2013 Director, Production & Purchasing Division (to present)
2013 Director & Managing Executive Officer
2016 Director & Senior Managing Executive Officer (to present)



Hirohito Kodama

(Born March 22, 1959)
Director & Managing Executive Officer
Responsible for Business Process Redesign and President & Representative Director of Kagome Axis Co., Ltd.

1981 Joined the Company
2003 General Manager, Corporate Planning Department
2006 Executive Officer
2008 Director & Executive Officer
2008 General Manager, Research & Development Division
2011 Director & Managing Executive Officer (to present)
2013 CEO, Asia Business Company
2016 Responsible for Business Process Redesign (to present)
[Significant concurrent positions]
President & Representative Director of Kagome Axis Co., Ltd.



Masahiro Sumitomo

(Born February 3, 1961)
Director & Managing Executive Officer
Director of International Business Division

1984 Joined the Company
2002 General Manager, Business Development Department
2006 Executive Officer
2008 President of Vegetalia S.p.A
2012 Representative, Europe Regional Head Office, Corporate Planning Division of the Company; and President of Vegetalia S.p.A.
2012 Managing Executive Officer of the Company
2015 Director of International Business Division of the Company; General Manager, Global Consumer Business Department; and CEO, Global Tomato Company of Kagome Co., Ltd. (to present)
2016 Director & Managing Executive Officer (to present)



Mutsuhisa Kanie

(Born December 5, 1954)
Director, Standing Audit and Supervisory Committee Member

Audit and Supervisory
Committee Member

1977 Join the Company
2001 General Manager of Logistics Department
2007 Corporate Auditor
2016 Director, Audit and Supervisory Committee Member (to present)
[Significant concurrent positions]
Outside Auditor of Dynapac Co., Ltd.



Murata Morihiro

(Born July 20, 1946)
External Director, Audit and Supervisory Committee Member

Independent

Audit and Supervisory
Committee Member

Remuneration and Nomination
Advisory Committee Member

1970 Joined Arthur Young & Co. Tokyo Office
1974 Registered as Certified Public Accountant
2002 Representative of Asahi KPMG Tax Corporation
2006 Representative of Murata Morihiro Accounting Firm (to present)
2011 External Auditor of the Company
2016 External Director, Audit and Supervisory Committee Member (to present)
[Significant concurrent positions]
Representative of Murata Morihiro Accounting Firm
Outside Audit & Supervisory Board Member of Kokuyo Co., Ltd.
Outside Auditor of Sumitomo Rubber Industries, Ltd.



Hiroshi Mori

(Born February 21, 1965)
External Director, Audit and Supervisory Committee Member

Independent

Audit and Supervisory
Committee Member

1989 Joined Development Bank of Japan (currently Development Bank of Japan, Inc.)
1993 Seconded to Finance Bureau of Ministry of Home Affairs (currently Ministry of Internal Affairs and Communications)
2003 Seconded to Tesac Corporation, a company under reorganization
Trustee representative, Manager of Corporate Planning Department
2006 Registered as attorney-at-law, joined Nishimura & Asahi
2012 Partner at Nishimura & Asahi (to present)
2016 External Director, Audit and Supervisory Committee Member of the Company (to present)
[Significant concurrent positions]
Partner at Nishimura & Asahi
Outside Director, USEN Corporation
Outside Director, Audit & Supervisory Committee Member, Mitsubishi UFJ Securities Holdings Co., Ltd.

Reasons for appointment

Hidenori Nishi	He has extensive experience in overseas business, business management, sales, etc., and is promoting measures to improve corporate governance at Kagome
Naoyuki Terada	He has extensive experience in marketing and sales departments, etc., and is leading the Kagome Group's business through his strong leadership toward the achievement of the medium-term management plan
Yoshihide Watanabe	He has extensive experience at a financial institution and the corporate planning department, etc. of Kagome, and is pushing forward with reforming working styles and reforming the earnings structure as supervisor of the corporate planning division.
Katsuyuki Miwa	He has extensive experience in the production and purchasing department, management of subsidiaries, etc., and is promoting improvement of quality of the Kagome's products and reduction of costs as supervisor of the production & purchasing division
Hirohito Kodama	He has extensive experience in the corporate planning and research and development departments, etc., and is driving ahead with improvement of business efficiency, business process redesign and health and productivity management of Kagome as the president of Kagome Axis Co., Ltd.
Masahiro Sumitomo	He has extensive experience in the overseas business department, management of overseas subsidiaries, etc., and is promoting global expansion of Kagome's business as supervisor of the international business division

Seiichi Kondo	He has extensive experience in overseas assignments of central government ministries and agencies and knowledge of economy, as exemplified by his participation in the formulation of the OECD Principles of Corporate Governance.
Takayuki Hashimoto	He has extensive experience and knowledge on diversity promotion and risk management in business as a manager of a highly diversified global company
Hidemi Sato	She has extensive knowledge on food science and food education through many research activities regarding food science and many years of educational activities on food and nutrition.
Mutsuhisa Kanie	He is proficient with the Company's business from his experience in the corporate planning division and SCM division etc., and has extensive experience as a corporate auditor and performs audits appropriately.
Murata Morihiro	He is proficient in corporate accounting as a certified public accountant and tax accountant, and has extensive insight to oversee corporate management based on his experience in corporate management, etc.
Hiroshi Mori	As a lawyer, he is well-versed in corporate legal affairs and risk management practices, and has extensive insight to oversee corporate management.

Compliance

A Policy of "Corporate Openness"

With its company executives and employees mutually recognizing and respecting one another's individuality and capabilities, our company supports a philosophy of "corporate openness" that strives for fair and transparent business operation. Each Group company also observes this philosophy, and it is the basis upon which they conduct their corporate activities.

This corporate philosophy was initially realized through the daily actions of each executive and employee. In this regard, our company formulated the Kagome Code of Conduct, a set of behavioral guidelines thoroughly adhered to by all group executives and employees. (Pages 34 through 35)

Compliance Promotion System

The Kagome Group has established a Compliance Committee, under the supervision of the Joint Risk Management Meeting (which is chaired by Kagome's President & Representative Director). The Compliance Committee, which is chaired by Director & Senior Managing Executive Officer with responsibility for overseeing compliance, undertakes verification of compliance promotion and monitoring status. The results of the Compliance Committee's deliberations are reported to the members of the Management Meetings via the Joint Risk Management Meeting. The Legal Affairs Office, which functions as the secretariat of the Compliance Committee, plays the central role in day-to-day compliance operations.

Kagome established the Kagome Compliance Hotline, which is accessible to all domestic Group employees, and through which reports can be made and guidance given with regard to illegal or suspicious activities in the workplace. This system incorporates an internal direct line to the Compliance Committee's secretariat, as well as an external hotline to an outside law firm. To encourage employees to use these contacts without hesitation, the identities of those making reports are kept strictly confidential.

Kagome takes steps to protect the privacy of employees who make reports to ensure that these employees do not suffer any adverse consequences. We quickly conduct investigations based on the information received and take appropriate countermeasures. In such cases, respecting the principle that whistleblowers and other related parties cannot be identified, we share information internally so as to prevent similar incidents from occurring in the future. In fiscal 2016, the Kagome Compliance

Hotline was used 15 times, and each case was resolved.

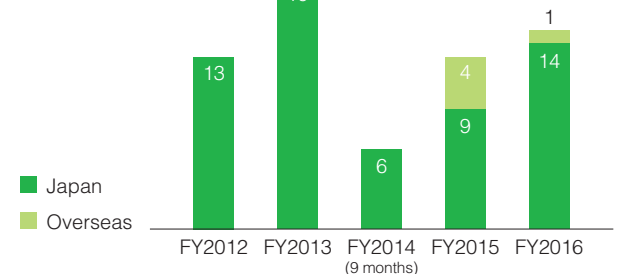
Contact details of the Compliance Hotline are registered on Kagome Safety Net, a smartphone application which can be downloaded by the employees, and every effort is made to ensure that employees can access the Compliance Hotline at any time.



Kagome fully recognizes the importance of compliance in relation to the Group companies located overseas. In 2014, an overseas internal reporting system has been introduced, and the scope of this system has been gradually expanded to include the Group companies located in the U.S. and Australia.

We will continue to strive to prevent and rapidly identify illegal activities through the appropriate operation of the Kagome Compliance Hotline.

Number of consultations and reports received by Kagome Compliance Hotline



Initiatives to Maintain Rigorous Compliance

Having formulated the Kagome Group Compliance Implementation Rules, Kagome Group implements thorough compliance throughout the Group. At domestic Group companies, the legal affairs department, which serves as the secretariat of the aforementioned Compliance Committee, leads these efforts.

Compliance implementation activities include not only the preliminary checks in compliance-related cases and the dissemination of compliance-related information, but also the conduct of group training for new employees and new managers, and an ongoing program of in-house compliance seminars, etc. that make use of e-learning, case studies, and group discussions. The in-house compliance seminars are integrated with the Skill

Points program that forms part of the company's personnel management system, and participation in these seminars is a prerequisite for promotion.

Efforts are made to keep training up-to-date, taking account of new developments in society and using examples from within the company. The training arranged for fiscal 2016 included e-learning concerning tax compliance. In addition, the group training aimed to increase the employees' awareness of compliance-related issues, delving into topics such as the Subcontract Act, points to note regarding the use of social media, unjustifiable premiums and misleading representations, maternity harassment and LGBT.

Handling Different Types of Risk

Policies for Handling Risk

Kagome, as a "vegetable company" which makes maximum use of nature's bounty and aims to contribute to helping customers live longer, healthy lives, has been promoting activities to reduce various risks centering on food safety. With an eye

on ESG, we convey information on our risk management from the perspective of "Governance Risk Compliance" (hereinafter GRC) which is comprehensive risk management techniques to improve efficiency of management decision-making.

Companywide Risk Management Structure

Our company strives to address operational risks in each department and "risks related to business" described in our Annual Securities Report. In addition, to enhance its risk management structure, our company has established five committees, particularly in consideration of the importance of third-party evaluation, and has set up the Joint Risk Management Meeting as a single integrated body to manage risk. The Joint Risk Management Meeting, which is chaired by the President & Representative Director and consists of members of the Management Meetings, works to ensure swift decision-making takes place with regard to policies for responding to risk and

important issues related to responses to risk. With a focus on operational risks, the Joint Risk Management Meeting meets in principle once a month to receive reports and suggestions from the secretariat and relevant departments on day-to-day social issues, their impacts on Kagome Group and responses to such issues, in addition to reports on activities of each committee, and to discuss and instruct on necessary responses, thereby improving internal control as activities to reduce risks. In addition, in order to improve effectiveness of internal control, details of the instructions are leveraged for monitoring by internal audit departments, and the result of the monitoring is reported to the Audit and Supervisory Committee monthly.

● Compliance Committee

The Compliance Committee is a corporate body to promote compliance in Kagome Group. This committee has set up a Compliance Hotline within its secretariat to receive reports from employees and others. In this way, we work to put in place preventive measures and to detect any anti-social or unethical actions taken by the company and its employees as early as possible. Furthermore, this committee discusses measures in response to new public regulations, etc. as necessary.

● Information Security Committee

The Information Security Committee determines basic policies and audits the execution of these policies with regard to the protection of important information, such as personal information held throughout the Group, as well as the proper management framework and usage. This committee works to assure adherence to the law and prevent information leaks. The Information Security Committee conducts monitoring of any unauthorized access from the outside and examines measures to enhance operation of information system.

● Quality Assurance Committee

In order to ensure customers with peace of mind when using our products which contribute to customers' longevity and good

health through nature's bounty, maintaining quality is always the most important issue for our company as a food manufacturer. With the objective of strengthening quality assurance of products, the Quality Assurance Committee brings together representatives of relevant departments and meets monthly to address customer comments, prevent accidents, respond to amendments of laws, and assure proper labeling. The establishment of this committee has enabled Kagome to respond more precisely, and in a more expeditious fashion, both internally and externally.

● Research Ethics Review Committee

For the purpose of contributing to giving customers longer, healthy lives through provision of vegetables, our company is engaged in research activities toward unraveling of the mechanism behind the benefits of vegetables and acquisition of its evidence. The Research Ethics Review Committee was established to investigate possible risk of individual dignity or human rights being impinged on when product efficacy and safety verification testing on humans is being conducted at the R&D stage. This committee is comprised of employees who are not a part of our company's R&D operations, as well as external medical experts and lawyers, hence creating a framework with a neutral

perspective, capable of judging research objectives, ethical adequacy and scientific legitimacy.

● Investment Committee

Our company is working on various business developments in order to be transformed from a "tomato company" to a "vegetable company." The Investment Committee is an independent committee which consists of members selected from in-house specialized departments. This committee was established for the purpose of measuring and assessing risks of investments which are drafted by each department. Proposals which are verified by this committee are submitted to the board of directors or the Management Meetings and deliberated officially



Views Based on GRC

Our company is expanding our business domain and business areas to achieve the targets of the mid-term management plan. Our pressing issue is to strengthen governance of the entire Group to ensure sound management of the Group.

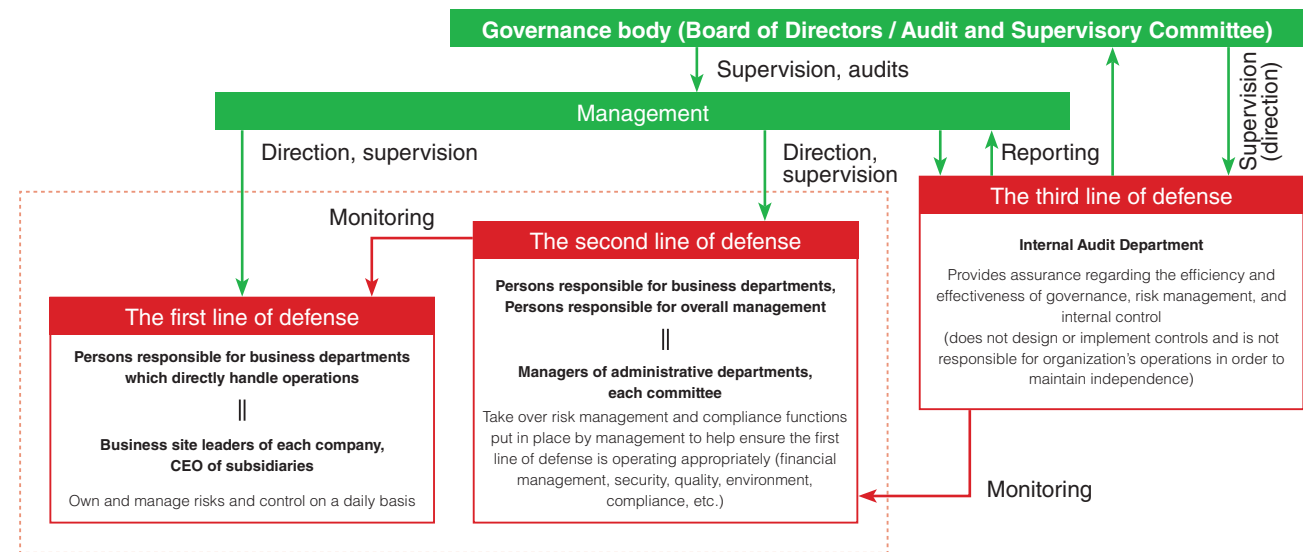
In an aim to promote sound group governance, Kagome started working on initiative of internal audit with an eye on "Leveraging COSO across the Three Lines of Defense," a paper which is a collaboration between the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and The Institute of Internal Auditors, Inc. (IIA). At the base of this initiative are control activities (the first line of defense) performed appropriately in business departments and Group companies which conduct day-to-day operational activities. We aim to develop a system in which head offices (the second line of defense) which oversee such activities and conduct overall management help further ensure that risks and controls are effectively managed, as the internal audit (the third line of

defense) monitors both of the abovementioned lines of defense and provides assurance to the management and the Board of Directors.

In internal audit, we have been trying to perform inspection not merely by evaluating good from bad based on a check list, but also by interviewing persons who are involved in the management as well as by verifying actual atmosphere and background of operation. This initiative is implemented not only in operational audits run by the Internal Audit Department, but also in monitoring quality, environment, labor and other areas in relevant departments.

Through various audit activities, we strive to accomplish the four purposes of internal control, namely to improve "effectiveness and efficiency of business operations," ensure "reliability of financial reporting," "comply with laws and regulations relevant to business activities" and "safeguard assets" through the proper procedures.

Concept of Internal Control (image of three lines of defense and internal audit)



Initiatives for Supply Chain with an Eye on BCP

Our company sustained significant damage from the Great East Japan earthquake. As a result, like many other companies, we are working to strengthen the company-wide communication infrastructure in the event of large-scale disasters and such. At the same time, through activities to support disaster-stricken areas such as provision of our products to evacuation centers after the earthquakes, we listened to the opinions of many people about vegetable intake. This reminded us about the social significance of Kagome's existence and that our company is an integral part of a lifeline which involves food. Based on what was learned and experienced from the Great East Japan earthquake, we set out "First Action Guidelines after Occurrence of Large-scale Disasters," which state roles and first actions in accordance with management resources (people, products,

facilities, information). With regard to initial actions from the time of occurrence of large-scale disasters until the time of assembling the in-house Disaster Countermeasures Center under the president as a division director according to BCP*, at the initiative of the management, a consensus is made among relevant departments to take actions without delay.

In accordance with the guidelines, in the event of disasters, a distribution network is to be established under the leadership of SCM Division to achieve the quickest possible recovery of product supply. Development of BCM on a global scale in cooperation with overseas locations will be our challenge for the future, where there may be difficulties due to the difference in laws and regulations by country and other issues.

* BCP: Business Contingency Plan

Our Responsibility to Shareholders and Investors

Information Disclosure

Our company discloses information to shareholders and investors in a fair, simple and timely manner.

We attach great importance to opportunities of two-way communication with shareholders and investors through IR events such as the General Meeting of Shareholders, "Talks with the President," "Production Plant Tours," etc.

General Meeting of Shareholders

Our company encourages an ever-greater number of shareholders to participate in its General Meeting of Shareholders by enhancing the content of "convocation notice" and "documents accompanying the convocation notice," disclosing them on the company website and sending them as early as possible. In 2017, we featured a discussion meeting among directors and included suggestions from external directors. At the General Meeting of Shareholders, we made efforts to provide reports in an easy-to-understand manner through speaker explanations and visuals using videos. Furthermore, through displays in the lobby, we work to share information about our activities with shareholders in a more productive manner and encourage their direct feedback.



After the meeting, we promptly disclosed details of the meeting including Q&A sessions and results of questionnaire surveys completed by shareholders who attended the meeting, in order to help shareholders who could not attend the meeting understand the details of the meeting.

Management Oversight

Based on the idea that management oversight is enhanced by feedback about a company's corporate activities and business performance from the perspective of numerous shareholders, in fiscal 2001, we began working to attract 100,000 "Kagome Fan Shareholders" shareholders. This initiative drove shareholder numbers past the 100,000 mark on September 30, 2005, and shareholder number currently stands at over 200,000. We will continue to appropriately reflect the valuable opinions and needs of our shareholders in all our corporate activities.

Dividend Policy

Our company recognizes that returning profits to its shareholders is one of its most important management issues. We make it a basic policy to distribute stable dividends, targeting a dividend payout ratio of 40%. Internal reserves will be allocated to the strengthening of financial structure, future strategic investments and other activities aimed at even greater shareholder returns through future business growth.

Special Shareholder Benefits

Under Kagome's Special Shareholder Benefits system, twice a year a selection of Kagome products is sent to shareholders throughout Japan. Rather than merely being a case of "giving something back" to shareholders, the main aim of the Special Shareholder Benefits system is to use Kagome products to give a better understanding of our company; every time, the products are accompanied by a questionnaire survey which helps our company to understand shareholders' views and expectations, information which can then be utilized effectively in our company's business activities.

Credit Ratings

Our company's financial credibility is rated by Rating and Investment Information, Inc. (R&I) and Japan Credit Rating Agency, Ltd. (JCR). The most recent ratings on Kagome by the two agencies are shown on the right.

<p>R&I (Rating and Investment Information, Inc.)</p> <p>Long-term credit rating</p> <p>A</p>	<p>JCR (Japan Credit Rating Agency, Ltd.)</p> <p>Long-term credit rating Short-term credit rating</p> <p>A J-1</p>
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