

## Topic 01 Introduction of a global personnel system that fairly evaluates all aspects of business from any part of the world



Opportunities for joint development and research across country boundaries have also increased along with global expansion

### Standards set according to job functions and results, instead of people

Aims for introducing a global personnel system  
The appropriate functioning of a personnel system that rewards hard work

Pay for Job	Pay for Performance	Pay for Differentiation
Provide easier-to-accept evaluations	→ Enhances motivation	
Cultivate healthy competition	→ Increases the promotion chances of female/young employees	
Clarify business results and value	→ Promotes way of working reforms	

Toward a "strong company" that is capable of sustainable growth

### "Global Job Grading"

A grading system for the scale of universal job functions  
Image of the global job grading

Grade	Japan	America	Australia	Portugal
V	○			
IV		○		
III	○		○	○
II	○		○	○
I				

### The development of measures in response to diversifying work styles so as to accelerate global expansion

The Kagome Group has locations in 35 countries all over the world, and about 20% of its employees are overseas employees. However, we did not have a unified personnel system that allows management of the Group as a whole. In response to this, and aiming for our employees to "be evaluated under fair standards, and to be treated equally, anywhere in the world," we introduced, step by step, a global personnel system from 2013. In practical terms, the system aims to prepare infrastructure for globalization, to revise the seniority system which used to serve as an evaluation standard for job functions, and to appropriately distribute personnel expenses in accordance to more thorough evaluations.

Having Group-shared HR policies and measures accelerates corporate growth, and with regard to the above system we state the following three reasons as explanation to our employees.

First is to demonstrate our basic principle of "focusing on people," which we have inherited since Kagome's establishment. Second is to position our employees as significant stakeholders. And last but not least, to have a common indicator necessary for creating management policies and measures. This shared indicator is referred to as the "Global Job Grading." Through this, the scale of each job function can be taken into consideration, and a framework that ensures the clear reflection of evaluation results can be built. In turn, the Group-shared cultivation of human resources and registration is made possible, alongside phasing out the seniority factor, which is unique to the Japanese culture. Going forward, we envision the switching of roles among employees in various ranks in both overseas and domestic offices, and the revitalization of personnel communication.

## Topic 02 Becoming a strong company by promoting diversity, striving for "50% of the workforce consisting of women" in all positions, from officers to employees

### We want to value the female perspective, precisely because we are a company supported by women

An overwhelming majority of customers purchasing our products are women, and so are over half of "Kagome Fan Shareholders." Kagome constantly places high in job popularity rankings for female university students in STEM; we also have 1 female employee out of 4 employees, all of whom are active in their jobs at various placements. Working mothers returning to the office after their maternity or child-raising leave are also increasing. To be a company heavily supported by women, we believe that it is crucial and necessary to have 50/50 a gender ratio in the workforce.



The "Diversity Committee" was established in January 2016 to promote activities to sustainably revitalize the workplace



(Above) "Work-life seminars" organized in 4 venues across Japan (Tokyo, Osaka, Nasu, Nagoya) in 2016  
(Below) "Diversity Day," a company-wide forum held annually, inviting external experts and specialists

### <The Act on Promotion of Women's Participation and Advancement in the Workplace> Kagome's Action Plan

Period: April 1, 2016 to March 31, 2019

- ▶ Target 1 ..... To hire new employees, of whom **50%** or more are female employees.
- ▶ Target 2 ..... To maintain the employment percentage of female employees hired before the 9-11 fiscal years ago, at or **over 80%** of that of male employees
- ▶ Target 3 ..... To ensure that female employees make up over **8%** of managerial positions (Manager and above)

### Utilizing diverse "talents," including women, can boost management reforms

In the promotion of diversity, we value the following 3 perspectives: 1) to fulfill our social responsibility as a company; 2) to enrich our employees' lives; 3) to become a strong Kagome. And the most important foundation in this endeavor is "communication." We believe that to recognize each other's differences, to exchange opinions, and to make use of these differing perspectives, abilities, and experiences are the driving force for us to become a "strong Kagome." In January 2016, 117 representatives from all offices established the "Diversity Committee" (which is chaired by President Terada), and began organizing activities in all offices to revitalize workplace communication, such as workshops for understanding differences among employees. Moreover, seminars inviting external experts and study sessions for managerial positions are held, in order to promote the understanding of diversity, as well as to give an opportunity to employees to think independently about their careers and work methods. In our mid-term management plan, we plan to utilize the various perspectives and abilities of our employees to create an environment where even those who are motivated but constrained by time or location can work to their hearts' fulfillment.



Became a member of the "IkuBoss Alliance" in April 2016

## Topic 03 To build equal relationships with domestic and overseas growers and suppliers, and to prioritize mid- to long-term partnerships with shared values

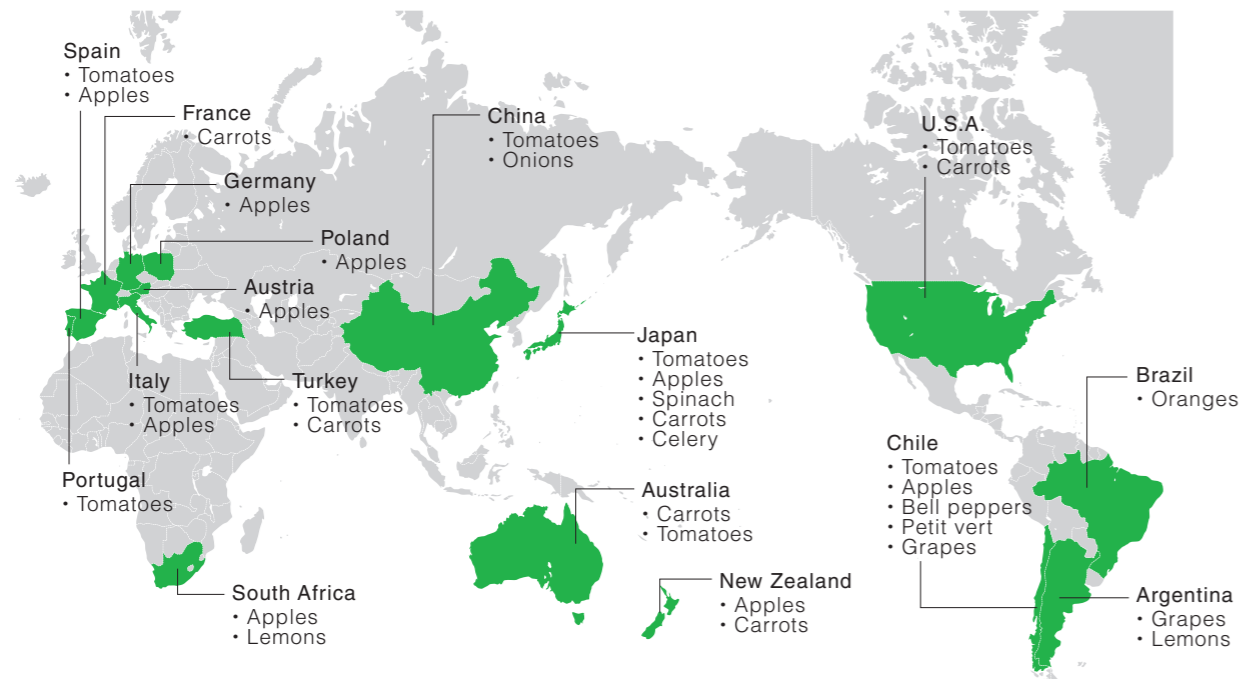


Guidance on food quality to domestic growers

### Maintenance of equal, sound, and appropriate relationships

As an "open company," the Kagome Group strives to maintain equal, sound, and appropriate relationships with domestic suppliers and local manufacturers. Proposals from companies who want to start new transactions with us shall be handled immediately and fairly. Moreover, alongside complying with the Antimonopoly Act in our transactions, we respect the spirit of the Act, and shall never commit inappropriate trading with our suppliers. Therefore, we have set up a contact via telephone, the "Kagome Compliance Hotline," to handle requests and queries from suppliers.

### Major suppliers of ingredients of the Kagome Group (as of May 2017)



### Sharing values with suppliers based on our corporate philosophy

The Kagome Group is honored to have our trusted suppliers on mid- to long-term partnerships sharing the values based on our corporate philosophy, supporting us in our business, and delivering products with value to our customers. In order to inspire and get to know each other on a deeper level, we and our suppliers work to meet once a year to exchange dialogue and ideas, focusing on companies that have long traded with us.

### The overseas procurement of processed agricultural materials

For overseas producers (suppliers) of processed agricultural materials, Kagome generally visits the suppliers' location, and inspects the status of quality management from the cultivation stage to the production process. For tomatoes, in particular, Kagome holds meetings with suppliers each year before production season. With the suppliers, we discuss issues covering the whole production process from field to factory, in order to enhance the quality of raw materials. For example, we investigate not only the processing procedures of harvested produce, but cultivation methods such as the number of times pesticides are applied by contracted farms, as well as optimal fertilization methods. Moreover, we extract potential issues of the coming year from the season review at the end of the period, so as to set targets which we can achieve through mutual support.

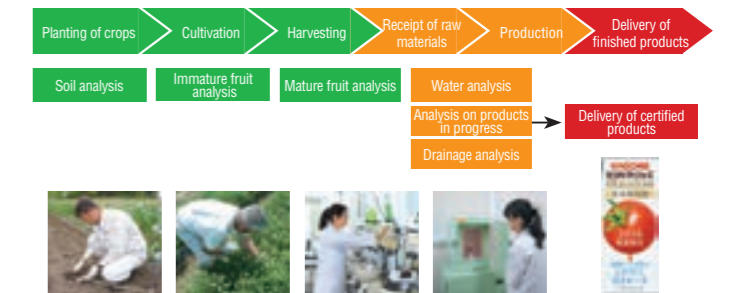
## Topic 04 Towards safety and reassurance Quality management from field to products

Since the establishment of the Kagome Group, we have utilized nature's bounty and have worked as one to provide customers with useful products. Food safety and reassurance remains one of our first priorities. In Kagome, we undertake various analyses and checks for processes from the field to the provision of products.

### Measures tackling radioactive materials

Immediately after the Fukushima Daiichi Nuclear Power Station Accident in 2011, public analysis institutions checked and carried out regular safety examinations on water used in factories, while Kagome checked and carried out the same for radioactive materials in raw materials and products procured and produced in Japan. For tomatoes in particular, we carry out examinations during multiple stages, including on the soil of the field where crops are planted, immature fruit under cultivation, mature fruit before harvesting, and the fresh juice before packaging, all the while keeping a close eye on information on food origins, harvesting periods, as well as administration and monitoring.

### Confirmation of safety through process management (Example case: contracted cultivation of domestic tomatoes)



### Measures in response to pesticide residues

Kagome carries out annual inspections of pesticide residues in raw materials to ensure safe consumption. Pesticide amounts have increased significantly since the "Positive List System for Agricultural Chemical Residues in Foods\*" was issued in May 2006, and residual standards consequently became more stringent. While developing technology that enables the efficient analysis of multiple components, our analysis department has obtained the International Standard ISO17025, qualifying it as a capable organization for examinations and analyses. We are working to further enhance the precision of our analyses. Furthermore, aside from analyzing pesticide residuals, the same department is also equipped with a system that analyzes and examines mycotoxins and bacteria that causes food poisoning, etc., ensuring the safety of raw materials procured domestically or overseas.



Analysis of pesticide residues

\*The "Positive List System for Agricultural Chemical Residues in Foods" is a system that, in principle, prohibits that circulation of foodstuffs containing excessive levels of non-standardized pesticides.

### Measures towards food defense

To prepare for the "intentional contamination of foodstuffs with foreign matter" in Japan, Kagome has established an internal management guide related to food defense, and ensures its thorough observance. In more concrete terms, aside from installing cameras and renewing the lock system in company factories, as well as revitalizing the communication among factory employees, we work as one with our partner factories in establishing a system in line with Kagome's management guide.

### Quality management of overseas Group companies

In addition to obtaining the GSFI certification\*, Kagome's overseas Group companies share the same standards and work to enhance quality, so that the world will recognize "Kagome's quality." Since 2016, the Global Quality Assurance Department, aimed to enhance the level of quality assurance of overseas Group companies, has been officially established as an organization, and to this day establishes shared standards, assists in cooperation within the Group, and carries out inspections and provides guidance regularly.



Quality inspection at H.I.T. (Portugal) factory

\* Global certification for food safety: GSFI-certified food safety assurance schemes GSFI (Global Food Safety Initiative): BRC, FSSC22000, SQF, etc.

## Topic 05 Longer, healthy lives through food: Reducing the number of “Japanese people whose diets are short on vegetables to 0”

### Resolving the health problems of a super aging society with vegetables

The Kagome Group is dedicated to business operations with the theme of helping people live longer, healthy lives through products that utilize nature's bounty. We have over 1,000 types of products, which covers 11.9% (494,000 tons) of green and yellow vegetables consumption in Japan. On the other hand, the average Japanese diet is still around 57g short of the targeted 350g or more recommended by the Ministry of Health, Labour and Welfare. In Japan, a country plunging into a super aging society rarely seen in the world, Kagome believes that the extension of healthy life expectancy is an urgent issue that requires attention from both public and private sectors, and is accelerating its efforts in resolving said issue through food.

### Offering delicious ways to eat plenty of vegetables, according to needs

Kagome provides a wide range of vegetable drinks, for people who dislike eating vegetables or those who do not have time to cook, so that they can consume vegetables easily, anytime, anywhere. In the production process of “GREENS,” released in 2015, heating is more controlled than in those of other vegetable drinks, allowing consumers to enjoy the drink with the texture and aroma of the actual vegetables and fruits used. This line of products is especially popular among working women aged 20-40, as a substitute for salads during meals. Moreover, our direct marketing brand “Kenko Chokusōin” is mainly supported by customers aged 60 and above. This highly-praised system that directly delivers products to customers eases the burden of having to shop for juice and other heavy products outside, leading to an expansion in sales.



\* Direct marketing brand “Kenko Chokusōin”



(From left) KAGOME Tomato Juice, with salt; KAGOME Tomato Juice, with salt and no additives; KAGOME Lycopene Choleste-Fine

### Labeling our Tomato Juice with functional claims

With a focus on tomatoes, Kagome has been engaged in research on vegetable nutrition for a number of years, testing out a variety of effects and efficacies. Lycopene has been reported to act in a way that boosts high-density lipoprotein (HDL) cholesterol, so starting last year we began selling our Kagome Tomato Juice (265g, 720ml, and 200ml sizes) and Lycopene Choleste-Fine with functional claims on the labels in 2016. Through this, our products have become more attractive for health-conscious people. Furthermore, GABA delivered from vegetables has also been reported to have a reducing effect on higher blood pressures, so we are re-branding our “Kagome Vegetable Juice” in fall of 2017 with functional claim food labeling.

### Strengthening our efforts in reducing salt for the health of Japan

According to the “Dietary Reference Intakes for Japanese” issued by the Ministry of Health, Labour and Welfare in 2015, the reference value of salt intake for males is less than 8.0g per day, and for females is less than 7.0g per day. It is said that male and female adults need to reduce roughly 30% in their daily salt intake levels. This is where Kagome has zeroed in on the “umami” (savory flavor) component of glutamine acid in tomatoes. We are proposing “Recipes that reduce salt by 30% or more” that use tomato ketchup to replace half the normal amounts of soy sauce or miso in cooking.



Sales promotion tool shown at mass retail store fronts

### Provision of information through stores, homepage, and events

To increase the consumption of vegetables, we work to promote the importance of eating vegetables through dietary education assistance, as well as store-front PR activities.



Distribution of “Lylyco,” tomatoes used for making juice  
Every year, we distribute tomatoes for free to customers who have purchased vegetable drinks at our mass retail stores.



Homepage for “Day of Vegetables”  
Website that introduces easy ways of consuming vegetables, which tend to be lacking in summer

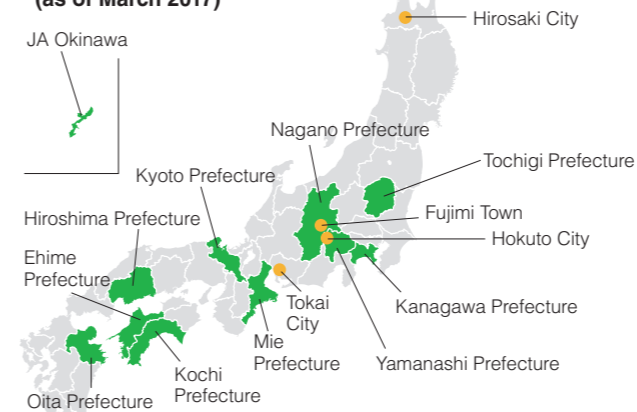
## Topic 06 Corporate growth hand-in-hand with societal growth: efforts in regional revitalization and dietary education assistance

### Efforts in agricultural development and regional revitalization

#### Promoting agricultural development through agreements with local communities

Kagome has entered into agreements with local governments across Japan and launched the “Locally Grown, Nationally Consumed” campaign in 2010, as a way of bringing local specialties from all over Japan and seasonal tastes to customers through the Kagome brand products. The agreement covers 15 prefectures, and encourages diverse cooperation in these locations, such as the provision of disaster aid, and activities with the aim of agricultural and economic development, in addition to the utilization of local produce as raw materials.

#### Agreements that Kagome has concluded in communities (as of March 2017)



#### Using vegetables and fruits from regions all over Japan as ingredients for vegetable drinks

The “Yasai Seikatsu 100 Seasonals Series,” which forms the core of the “locally grown, nationally consumed” campaign, is a limited-time product using seasonal fruits.

By limiting product numbers, we are able prevent the series from becoming a commodity, and to sell it maintaining the value of the ingredients. As a result, local farms can earn more appropriate revenues for their produce, allowing them to sustainably cultivate crops.



The “Yasai Seikatsu 100 Seasonals Series,” which uses vegetables and fruits locally grown in various Japanese regions

### Dietary education assistance that helps children grow up healthy through food

As a food company, Kagome proactively endeavors in various dietary education assistance, aiming to contribute to good health and longevity of people through our corporate activities.

#### Kagome Theater

Kagome Theatre is an original children's musical launched in 1972. We have had about 3,460,000 people as our audiences to this point. Since 2012, the musical has been raising funds for “Charitable Foundation, the MICHINOKU Future Fund,” providing orphaned children of the Great East Japan Earthquake with the means to continue their education.



#### The Lylyco Wakuwaku Program

Every year from April to May, Kagome distributes saplings of “Lylyco,” tomatoes used for juice, to primary schools, kindergartens, and nurseries, contributing to the experience and education in terms of food and agriculture. As of fiscal 2016, about 1,000 schools and institutes participate in the program.



### Efforts towards the Great East Japan Earthquake

Kagome forges “bonds of mutual assistance” with victims of the Great East Japan Earthquake and people involved in rebuilding efforts, organizing various activities.

#### The MICHINOKU Future Fund

In 2011, Kagome established the “MICHINOKU Future Fund” along with Calbee, Inc. and Rohto Pharmaceutical Co., Ltd., in order to commence activities that support orphaned children of the disaster in their dreams of continuing their education. We call for donations from all over Japan, and pay for full university and vocational school fees (with an annual limit of 3 million yen) as of the time of enrolment, with no requirement for repayment. For the coming 20 years, we plan to support about 1,300 children, including those who were not born yet during the disaster, until they graduate.

