

Strengthening Foundation for Value Creation and Core Strategies

Quality and Environment

Product Safety and Security/Environmental Conservation

Fulfilling Our Brand Promise

Kagome established the Quality and Environmental Policy based on the belief that quality and environment are two sides of the same coin, in accordance with Kagome's corporate philosophy and its brand statement "True to Nature, the Flavor of Kagome." In line with this policy, we are working carefully on quality assurance and environmental conservation across the entire supply chain.

Approach to quality and the environment

Kagome has always engaged in manufacturing utilizing nature's bounty from the procurement of safe ingredients. In order to sustain our business activities, it is vital that we engage in sustainable agriculture in a rich natural environment. It is also essential that we achieve a balance between a reliable system for manufacturing with natural ingredients and conservation of the environment. We established the Quality and Environmental Policy in October 2017 after combining our Quality Policy and Environmental Policy. This new policy represents the determination of Kagome's management team to achieve a sustainable society by focusing on environmental conservation with the same passion that Kagome has maintained in its manufacturing activities.

Quality and Environmental Policy

- 1 We contribute to the longevity and good health of people, which is important to us by providing the flavor and health value of vegetables.
- 2 We grow safe agricultural raw materials consistently from seeds and fields by collaborating with our partners in Japan and abroad.
- 3 We protect water, soil and air that nurture vegetables, maintain agriculture that fosters rich nature for the future, and effectively use the benefits acquired.
- 4 We deliver safe, environmentally-friendly products by complying with laws, regulations and in-house standards and continuing to improve our systems and activities.
- 5 We apply customers' feedback to our corporate activities while communicating the reliability of our products and services.

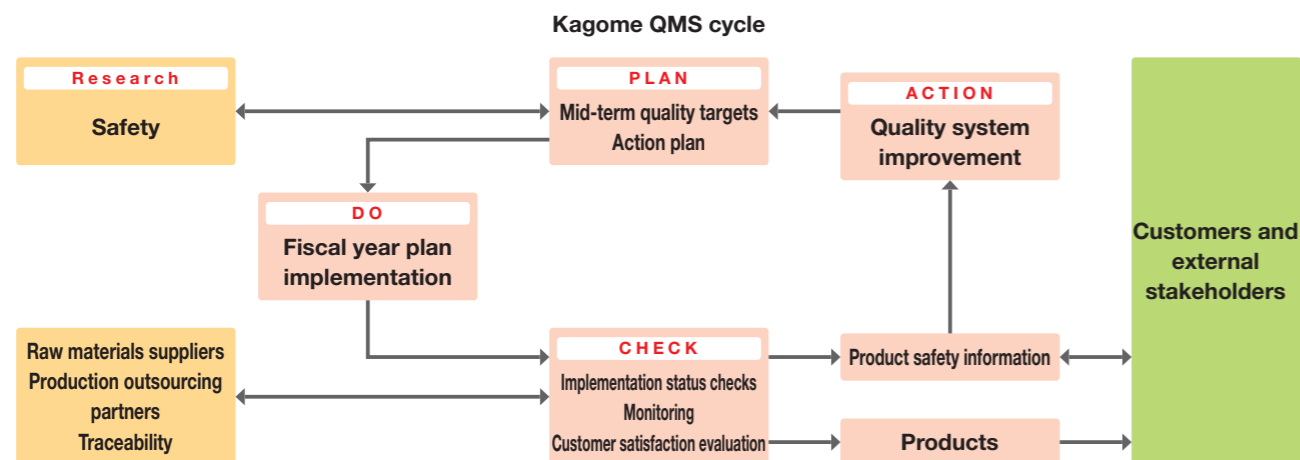
Certification systems in Japan

Quality management system

Kagome employs the Kagome Quality Management System (KQMS) during the processes of design, development, procurement, production, logistics, and sales in an effort to provide product safety and peace of mind. KQMS satisfies the requirements of ISO 9001:2015 and FSSC 22000. In addition to fulfilling customer requirements along with relevant laws and regulations, KQMS ensures that we are able to develop and provide value-added products well into the future while further reinforcing our preparedness toward quality risks.

Environmental management system

In terms of the environment, we established the Kagome Environment Management System (KEMS) following ISO 14001:2015, with the aim of improving environmental performance, fulfilling our compliance obligations, and achieving environmental targets. KEMS originally covered all plants in Japan and related departments, but in December 2020, we expanded this scope to include all departments in Japan and we obtained ISO 14001 certification.



Quality and environmental topics Examples in Japan

We have launched initiatives not only at Kagome, but also at our suppliers in order to share our approach to quality and quality management mechanisms.

(1) Quality management standard for suppliers

These standards lay out essential quality management standards, such as control of allergens and prevention of contaminants, for suppliers (raw materials suppliers and production outsourcing partners) in order to ensure the quality of Kagome products. Kagome's Quality Assurance Department checks supplier compliance with these standards using on-site quality audits. Going forward, we will require all new suppliers to comply with these standards.

(2) Building mechanisms for food fraud prevention

Kagome established mechanisms for food defense and food fraud prevention in 2019. Mainly, we closely manage unique raw materials that emphasize certain origins or varieties to consumers in order to prevent food fraud.

Quality and environmental topics Examples overseas

We have established quality management standards common to all Group companies overseas as part of our efforts to improve quality at these companies.

The Global Quality Assurance Department established a common global quality management standard for overseas Group companies known as Kagome Best Manufacturing Practice (KBMP). The department is also working with Group companies to share the same Japanese know-how in terms of best manufacturing practices at Kagome's Group companies overseas.

Until now, we have used common rules on immediate response in case of a quality failure and quality management for preventing contaminants during manufacturing at our overseas Group companies.

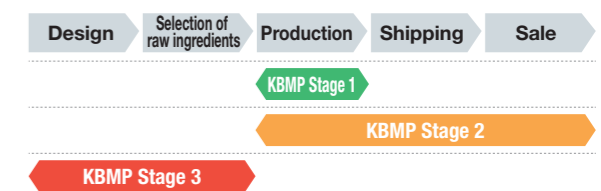
From FY2019, we carried out activities to prevent quality failures attributed to product design. In FY2020, we worked on revising our product development program at major subsidiary, Kagome Inc. By making changes to ensure quality assurance departments can participate in risk identification from the product planning stage, we have been able to initiate risk countermeasures at an early stage in product design, resulting in a system where product development that is safer and offers greater peace of mind can be carried out reliably. Going forward, we will expand the number of companies covered.

These activities have resulted in a steady increase the entrenchment rate of KBMP at Group companies, helping to penetrate the philosophy of "Quality First, Profit Second" (good quality will result in profits) at our business locations around the world.

We are also making a cross-sectional assessment of information relating to quality, the environment and technology at overseas Group companies and sharing and utilizing this information to improve the level of quality assurance and productivity.

From FY2020, we have expanded the scope of activities outward from quality to include the environment and company-wide cross-functional technical issues related to production. This included working as a Group to lower costs and reduce CO₂ emissions.

Common quality management standard for overseas Group companies KBMP coverage



KBMP Stage 1

- a) Magnet inspection
- b) X-ray inspection and metal detector inspection
- c) Filter inspection
- d) Cleaning
- e) Maintenance
- f) Management of packing materials and other consumables
- g) Procedures and main points of 5S (Seiri [Sort], Seiton [Set], Seiso [Shine], Seiketsu [Standardize], and Shitsuke [Sustain])

KBMP Stage 2

- a) Response to quality failures
- b) Change point management and validation of production line
- c) Inspection of equipment before, during and after production
- d) Management of equipment in aseptic filling system

KBMP Stage 3

- a) Development procedures for high risk products and design screenings
- b) Management of hazards originating from raw ingredients

Quality and Environment

Responding to Climate Change

CO₂ Reduction Initiatives

For Kagome, which uses nature's bounty in its products, conservation of the natural environment is essential to the continuity of its business. We are now working to reduce CO₂ emissions, recognizing that our response to climate change should be a top priority.

Response to the new framework for climate related disclosures (TCFD)

Kagome conducted scenario analysis based on the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) in 2019 in order to shed light on the risks and opportunities facing our business. From FY2020, we began a review of indicators and targets.

Governance The Kagome Group recognizes that an interruption in the procurement of raw ingredients is the greatest risk facing its business operations. Climate change has resulted in unseasonable weather patterns, including massive typhoons and torrential rainfall, which have caused extensive damages in areas where raw ingredients are grown. To avoid this risk, Kagome has taken the lead in implementing the Paris Agreement. In April 2018, Kagome's Board of Directors approved medium- to long-term targets for CO₂ reduction to ensure the company actively works to lower emissions of greenhouse gases.

Kagome's President & Representative Director is responsible for all of the company's environmental activities, including climate change response, under Kagome's ISO 14001 environmental management system. The President evaluates the effectiveness of the environmental management system through biannual management reviews, following the company's environmental policy, and maintains responsibility and authority to order improvements.

Strategy The emergence of climate change represents a major risk for Kagome as a company that processes and sells agricultural produce. At the same time, however, it can also be an opportunity for harnessing our long-standing technologies. Below are examples of Kagome Group's risks, countermeasures and opportunities.

Examples of Kagome Group's risk countermeasures and opportunities

| | Risk items | Countermeasures and opportunities |
|----------------------------|---|---|
| Short-term and medium-term | <ul style="list-style-type: none"> Extreme weather and changing rainfall and weather patterns Declining production yield caused by water stress | <ul style="list-style-type: none"> Acquisition and sales of vegetable varieties that can withstand climate change Develop and use tomato cultivation system that can produce tomatoes with the fewest amount of water |
| Long-term | <ul style="list-style-type: none"> Rising carbon prices Changing consumer behaviors Declining biodiversity | <ul style="list-style-type: none"> Increased CO₂ reduction targets and initiatives to achieve them Actively develop environmentally friendly products and certified products Propose and promote agriculture in symbiosis with living organisms |

*For details, see our corporate website. <https://www.kagome.co.jp/english/csr/environment/production/energysaving/>

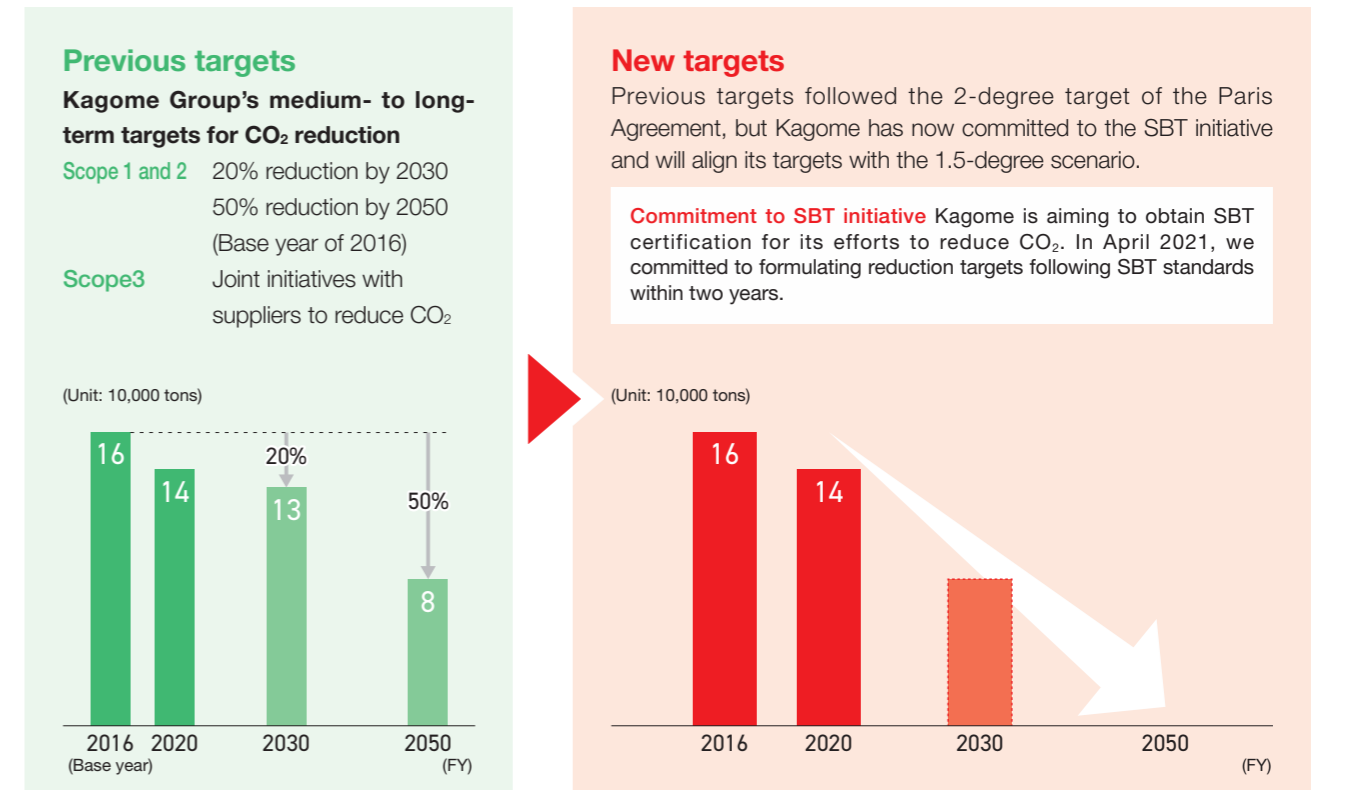
The risks and opportunities of climate change represent the risks and opportunities of Kagome's business operations. As such, they have been included in our business plan together with other risks.

Risk management Kagome has established the Joint Risk Management Meeting, chaired by the President & Representative Director, as a body for supervising the company's risk management activities. The body helps to speed up the decision making process in terms of our risk response policy and issues. Identified risks and opportunities concerning climate change are incorporated into the Three-year Environmental Management Plan* as issues to be addressed by the entire company.

*See Kagome's website for issues and KPI in the Three-year Environmental Management Plan (FY2019-FY2021). <https://www.kagome.co.jp/english/csr/environment/plan/>

Indicators and targets Kagome established medium- to long-term targets for reducing CO₂ emissions in 2018 in order to mitigate risks associated with climate change. Going forward, we will speed up our initiatives to prevent global warming and move ahead with our commitment to Business Ambition for 1.5-degree under the SBT initiative*.

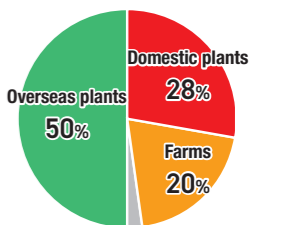
*SBT (Science Based Targets) initiative is an international initiative to ensure consistency between the greenhouse gas reduction targets of companies with the standards set out in the Paris Agreement.



Initiatives to achieve CO₂ reduction targets

In addition to its proactive efforts toward energy conservation, in 2020 Kagome began using exhaust heat and CO₂ from its plants for tomato cultivation and from April 2021 Kagome started using solar power at two of its plants in Japan. In this manner, we are moving forward with efforts to reduce our CO₂ emissions. A large percentage of the CO₂ we emit originates from our plants in Japan as well as tomato farms, and overseas plants where we

Breakdown of Kagome Group's CO₂ emissions (2020)



Effective use of exhaust heat and CO₂ from plants



We are using the Fujimi Plant's waste warm water and CO₂ contained in boiler exhaust gas for the cultivation of tomatoes at a nearby farm.

Solar power



We have installed solar panels at the Kozakai and Ibaraki plants, which began generating electricity in April 2021.

juice and condense tomatoes. In order to reduce emissions as a Group, in 2020 we launched the CO₂ Reduction Project headed up by the Senior Managing Executive Officer responsible for environmental management. Under this project, we are making company-wide efforts following energy conservation measures with a long-term perspective covering all domestic plants, farms and overseas plants, and a CO₂ reduction plan based on the use of renewable energy (solar, biomass, and renewable energy certificates, etc.).

Additionally, we are participating in the JCI* and we have endorsed the JCI Message to the Japanese Government Calling for an Ambitious 2030 Target for Japan to Realize the Paris Agreement Goal of April 2021.

*JCI is an acronym for Japan Climate Initiative; a network of 105 companies, local governments and NGOs actively working on climate change countermeasures.

Strengthening Foundation for Value Creation and Core Strategies

Quality and Environment

Conserve Water and Biodiversity/Develop Products with Low Environmental Impact

Protecting Water and Soil that Nurture Vegetables

Kagome is working to conserve water used to grow its vegetables and biodiversity. We aim for sustainable agriculture and we are now actively working to promote resource-recycling, which includes reducing environmental impacts from plastics usage.

Water conservation

As a company that uses large amounts of water in cultivation and processing, Kagome has established the Kagome Group Water Policy and is implementing measures tailored to each region where it operates to mitigate water-related risks. A survey of the water risks facing our overseas plants concluded that there is risk of drought in the United States and risk of both drought and heavy rainfall in Australia. In Australia, we are mitigating risk by cultivating tomatoes avoiding the second half of April when there is a high risk of heavy rainfall. Since there is also risk of drought in Australia, the water used at our plants in the winter is placed into a dammed reservoir and then supplied to nearby farmers in the spring. This forms part of our efforts for water recycling.

Kagome Group Water Policy

- 1 The Kagome Group and its major suppliers understand water-related risks.
- 2 The Kagome Group and its major suppliers strive to reduce water intake and use water efficiently to protect local water resources.
- 3 The Kagome Group and its major suppliers clean used water before returning it to the local communities.
- 4 Factories in areas where water-related risks are high take measures for water that are appropriate for the local areas.



Reservoir dam of Kagome Australia Pty Ltd.

Biodiversity conservation

In order to continually reap nature's bounty, Kagome aims to achieve coexistence with a diverse array of living creatures, primarily by reducing agriculture's impact on biodiversity. Kagome engages in various activities following the Kagome Group Biodiversity Policy, based on an assessment of the current situation with regard to biodiversity and the Group's business operations.

Farms in symbiosis with living organisms

To achieve sustainable agriculture, in 2020 we opened a 1.2-hectare field next to the Kagome Yasai Seikatsu Farm Fujimi (located in Fujimi Town, Suwa District, Nagano Prefecture) as a farm in symbiosis with living organisms. At this field, we place bamboo tubes and rock piles to attract living organisms useful to farming, such as the natural enemies of pests, to evaluate their effectiveness. We also offer visitors chances to deepen their understanding of biodiversity, including by taking part in quiz rallies, where visitors search for answers by checking different stations throughout the farm. Based on the know-how accumulated here, we hope to increase the number of farmers who endorse farming that utilizes the power of living organisms.

These activities were featured in a compilation of biodiversity initiatives in the areas of agriculture, forestry and fisheries published on the website of the Ministry of Agriculture, Forestry and Fisheries in March 2021.



Bamboo tubes (used as a nest by mason wasps)



Rock piles (provides a habitat for lizards and spiders)

Initiatives for plastics—Developing products with low environmental impact

In January 2020, we established the Kagome Policy on Plastics with the goal of reducing the impacts plastics have on the environment. As a specific target, Kagome will eliminate its use of straws made from petroleum-derived materials for its paper beverage packs and shift to recyclable materials (plant-derived or paper materials) by 2030. Kagome will also use recycled or plant-derived materials for at least 50% of its beverage PET bottles by 2030.

Kagome Policy on Plastics

- 1 Kagome will eliminate the excessive use of plastics in product containers and reduce its overall use of plastics. Kagome has reduced the weight of its tomato ketchup bottles and PET bottles, and going forward it will continue to reduce its use of plastics.
- 2 Kagome will curtail the use of new plastics made from petroleum and promote a shift to recycled or plant-derived materials that make resource recycling possible. Based on this, Kagome has established the following two targets.
 - (1) Kagome will eliminate its use of straws made from petroleum-derived materials for its paper beverage packs and shift to recyclable materials (plant-derived or paper materials) by 2030.
 - (2) Kagome will use recycled or plant-derived materials for at least 50% of its beverage PET bottles by 2030.
- 3 Kagome will promote the recycling of wastes including plastic and continually achieve net zero emissions* at its plants.

*Kagome defines net zero emissions as a waste recycling rate of at least 99%.
- 4 Kagome will actively conduct environmental clean-up activities led by its business sites nationwide along shorelines and rivers in order to raise awareness about stopping littering of plastic containers.

Our initiatives

1 Using plant-derived plastics on paper beverage packs

As part of our efforts to mitigate environmental impacts due to plastics, we began using plant-derived (sugar cane) plastic caps and plastic straws made up of 5% plant-derived materials on our paper beverage packs from April 2020.

Target products Capped paper beverage packs, including the Kagome Yasai Seikatsu 100 Smoothie series
Paper beverage packs including Yasai Seikatsu 100 Original 200ml



2 Using 100% recycled materials for PET bottles

In September 2020, we began using recycled PET resin materials from used PET bottles in some of our PET bottle products.

Target products Kagome Tomato Juice High Lycopene Tomato 265g



3 Released limited edition seasonal Yasai Seikatsu 100 using eco-friendly paper straw

We released a limited run seasonal version of Yasai Seikatsu 100 with paper straw made from eco-friendly FSC®-certified paper* through the e-commerce page of our corporate website. Going forward, we plan to release similar limited run seasonal versions of Yasai Seikatsu 100 with paper straw.

Target products Yasai Seikatsu 100 Shinshu Hakuto Mix and other Yasai Seikatsu 100 Seasonal Series



*A certification program for forests that produce wood and the processes of distribution and processing for this wood. It indicates that paper products were produced without major impacts on the environment or society.

Supply Chain

Strengthening of Supply Chain Management

Building a Foundation for Product Development from the Field

Initiatives for resolving social issues posed by logistics

The logistics industry in Japan is facing a number of urgent issues, including labor shortages, the prolonged working hours of drivers, and environmental concerns. To resolve these social issues found in logistics, in 2020 Kagome undertook such initiatives as extending delivery lead time and product date labeling. Additionally, we worked to curtail logistics costs, which are expected to rise over the medium to long term and we achieved positive results toward cost savings by rationalizing inventory levels.

Start of day-after-next delivery and addition of product date labeling

Following the logistics crisis caused by a serious shortage of truck drivers and warehouse workers, improving the work environment and increasing labor productivity in the logistics industry have become social issues. In particular, improving the logistics environment in the distribution of processed foods has become an urgent issue. This is due to large undulation of logistics demand, long wait hours during deliveries and ancillary work.

Starting in April 2020, Kagome instituted "day-after-next delivery" to extend delivery lead time with the cooperation of retailers. The goal of improvements in logistics environment is to deliver products to customers in a reliable and sustainable manner.

In addition, in October 2020, we began steadily changing product date labeling from day, month and year to month add year focusing on consumer beverage products with a best-before period of 360 days or more, in order to reduce food loss and mitigate burdens placed on distributors, including logistics providers, warehouses and retailers. Going forward, we will encourage product date labeling for other products and continue working to extend the best-before period.

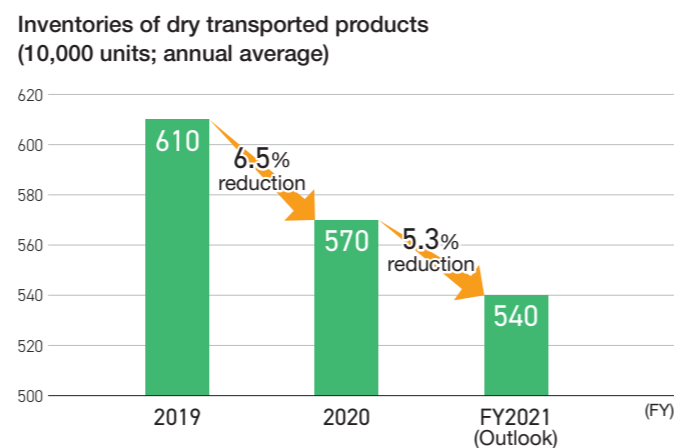


Products subject to product date labeling

Lowering logistics costs by rationalizing inventories

Logistics costs are expected to continue rising in the future following the deterioration in logistics environment. In 2020, Kagome began reviewing appropriate inventory amounts for each main container unit in order to rationalize inventory levels. Based on previous shipment results, we analyzed factors for any gaps with the plan, visualized the balance between shipment volume and production capacity, and determined the current situation such as breakdown by product within categories. By doing so, we were able to set inventory days and important management items for inventory rationalization. We worked with our production plants to determine responses to fluctuations in supply and demand in advance in an effort to adjust the production system flexibly based on actual conditions.

As a result, we reduced the inventory level of dry shipped products, mainly beverages, by 6.5% over the previous year, resulting in lower logistics costs. We will continue with these initiatives going forward to better control rising logistics costs.



Sustainable procurement

Kagome has worked to diversify its sourcing locations and built a global network, as it seeks to avoid risks such as climate change and foreign exchange rate volatility and to optimize costs and suppliers. We also respect our fair and equal cooperation framework with suppliers, and we are developing our own procurement sites.

Establishment of Kagome CSR Procurement Policy

We established the Kagome CSR Procurement Policy not just for the procurement of safe and secure raw materials, but also for contributing to the realization of a sustainable society together with procurement partners. This policy ensures fair, equitable, and transparent transactions and promotes procurement activities that take into account laws, ethics, human rights, labor, and the environment.

(1) Ensuring raw material and product safety and security

- To deliver peace of mind to customers, our procurement activities will prioritize quality and safety while taking into account the best combination of quality, cost and supply.

(2) Fair trade

- We will select business partners fairly and transparently based on a comprehensive evaluation of technical prowess, proposal capabilities, and initiatives toward the environment, in addition to quality, cost and supply.
- We will not permit transactions using a superior bargaining position or transactions complicit in exploitation.

(3) Consideration for human rights, labor and the environment

- We will carry out initiatives that respect the human rights of individuals, labor environment and health and safety.
- We will carry out procurement activities considerate of the environment while attempting to prevent pollution of water, land and air used to cultivate vegetables.

(4) Compliance with laws and ethics

- We will comply with the laws and regulations of each country and engage in fair and transparent procurement activities.
- We will fulfill contractual obligations with business partners and appropriately manage confidential and personal information related to procurement transactions.

(5) Mutual prosperity with business partners

- We will mutually support and assist business partners and implement measures aimed at resolving social issues.

Kagome Supplier CSR Guidelines

We established the Kagome Supplier CSR Guidelines, which contains detailed guidelines for our procurement partners inside and outside of Japan based on the belief that supplier cooperation is vital to implementing the Kagome CSR Procurement Policy.

The guidelines are broken down into sections with international relevance, including respect for human rights, appropriate labor environment, and consideration toward the environment. We are now working to make suppliers known of these guidelines and deepen their understanding and implementation in an effort to further enhance the effectiveness of our CSR procurement activities.



Meeting with supplier

The Kagome Supplier CSR Guidelines can be found here.

https://www.kagome.co.jp/library/company/csr/supplier/pdf/supplier_csr_guidelines.pdf

Strengthening Foundation for Value Creation and Core Strategies

Diverse Human Resources

Human Resources Strategy for Improving Mid- to Long-term Corporate Value

Human Resources Development for Building Autonomous Career Paths



Masato Arisawa,
Chief Human Resources Officer (CHO) and
Managing Executive Officer

Kagome is creating a company and culture that is strict but also provides a pleasant and rewarding workplace, as part of its efforts to improve corporate value.

Q1. What are your thoughts on the career development of employees?

Improving corporate value by increasing the market value of employees and becoming a group of strong individuals

Kagome is working to create mechanisms that empower employees to develop their careers autonomously in order for everyone working at the company to become "strong individuals."

A strong individual is a person who has acquired a high degree of value in the labor market. We aim to develop and increase these individuals to expand our human capital. That is, we are working to expand mechanisms following this perspective in order for employees to feel proud to work at Kagome and to become a company that attracts talent as an appealing place to work.

In terms of the skills development of individuals, in addition to group training at the company and department level, we support independent learning by offering elective business skills training tailored to individual career. Employees can select training on such themes as logical thinking, leadership and marketing tailored to their individual career path. In FY2020, we offered training covering 14 themes, with 315 employees participating. Also, our human resource development managers conduct career interviews to support the autonomous career development of employees and promote the assignment of the right person to the right position. In a typical year, we interview around 600 employees. In FY2020, we interviewed 592 employees online. Through these interviews, we inform employees that rather than the company they should take the lead in developing their own careers and we instill the habit of being self-inquisitive when it comes to exploring career paths. We have also introduced a secondary job scheme where employees can look beyond their career at Kagome to refine their specializations outside the company. This is an era where people should not be tied down to a single

employer, but rather have the opportunity to build a career uniquely their own while working for multiple employers. We look at secondary jobs as not just a side hustle but working multiple jobs and employees are allowed to conclude an employment contract with another company. However, only employees who work less than 1,900 hours annually can use this scheme. In addition, from the perspective of health management, the scheme requires that employees do not work more than 45 hours per month when combining their secondary jobs with the overtime work of their job at Kagome. We want our people to become high value talent in the labor market by acquiring broad perspectives.

To promote autonomy, we are fostering a culture of autonomous work styles by revamping our attendance management system and managing schedules closer. Moreover, we have developed a pleasant work environment by introducing flex time and telework schemes.

I believe that personnel expenses are an investment and not a cost. With the long term in mind, Kagome is working to create mechanisms and schemes that empower employees to develop their careers autonomously in order to become "strong individuals."

Education and training provided by the Human Resources Department (FY2020 results)
(Does not include the educational programs or e-learning of each department)

Results of employee training for skills building
We conduct rank-based training mainly for younger employees, career training at certain milestones, miscellaneous assessments, elective training, and training for officers and managers.

| | |
|--|-------|
| Total number of participants (persons) | 1,320 |
| Types of training held | 28 |
| Training hours (Unit: days) | 1,532 |

Q2. What is the goal behind promoting diversity and inclusion?

"Innovation is born from diversity"
With this in mind, we are improving the work environment

Kagome's diversity is promoted as an important element of management strategy that forms the foundation and basis of organizational and individual actions aimed at realization of the long-term vision and what Kagome strives for by 2025.

From FY2017, we updated our KGI and KPI on continuous employment and promotions, in addition to maintaining the hiring rate of women at over 50%, aimed at achieving our long-term vision of 50% of the workforce consisting of women – from employees to executive officers. Currently, we are making steady progress toward this goal. Achieving what Kagome strives for by 2025 will require the creation of ceaseless innovation. To create such an environment, we are improving measures for energizing the combination of the knowledge of our diverse workforce.

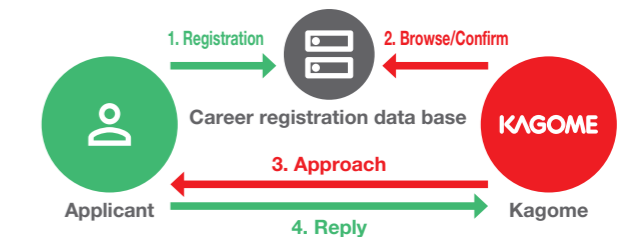
I believe that a workforce of differing skills and values who shares work while respecting one another will give rise to healthy conflict and generate innovation as a result. Toward this end, in addition to promoting the active role of women in the workplace, we will broadly open our doors to mid-career hires to build our human resources foundation aimed at becoming a vegetable company. In 2020, we revamped our approaches to mid-career hiring and introduced a career posting scheme on our website. Currently, around 3,600 employees have posted. Going forward, we will ensure

that mid-career hires account for around 20 to 30% of all hiring and develop these individuals into core human resources.

Kagome's Action Plan figures under the Act on Promotion of Women's Participation and Advancement in the Workplace:

| | | |
|----------|--|---|
| Target 1 | Ensure that at least 60% of new general career track hires out of university are female employees | 58% (Employees hired in April 2021) |
| Target 2 | Maintain the continuous employment percentage of female employees hired during FY2010 (around 9 to 11 years prior) at 100% or more of male employees | 1.0 (female employees hired between 2010-2012) |
| Target 3 | Maintain the three-year continuous employment percentage of female employees hired during FY2017-2019 at 100% or more of male employees | 1.0 (Two years' later) |
| Target 4 | Ensure that female employees make up at least 12% of managerial positions (manager and above) | 7.4% (As of April 1, 2020) |

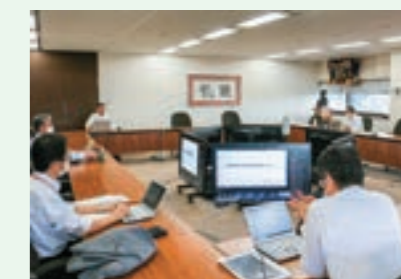
Mechanism for career registration and hiring



- 1. Posting**
An applicant posts his/her career (professional history).
- 2. Browsing/ Confirmation**
The company browses posts and reviews positions where they can utilize the applicant's career experience.
- 3. Approach**
If the company finds a suitable job or position, they contact the applicant individually.
- 4. Reply**
If the applicant approves, they will proceed to the interview.

Initiatives for diversity in FY2021 - Securing psychological safety

In FY2021, we are promoting diversity activities under the policy of "enhancing communication aimed at fostering a culture for tackling new challenges." Behind this policy is the creation of a culture that creates innovation, and as a part of this effort, we are working on the theme of fostering psychological safety that creates healthy conflict by enabling every employee to freely share their knowledge and ideas. Based on this theme, our seminar for officers and Diversity Committee, which is the key leader of the company's diversity activities, are implementing activities. The training session emphasizes ensuring psychological safety. Members learned about 1) promoting dialogue within a team, 2) eliminating unconscious bias, and 3) ways to welcome healthy conflict, which they brought back to their own workplaces to share with others in expanding the reach of these activities.



The seminar on psychological safety for directors (conducted virtually via conference room and participants' homes)

Strengthening Foundation for Value Creation and Core Strategies

Q3. What are some of the efforts to utilize diversity and human resources with leadership skills in order to direct the lead the company to become a Strong Kagome?

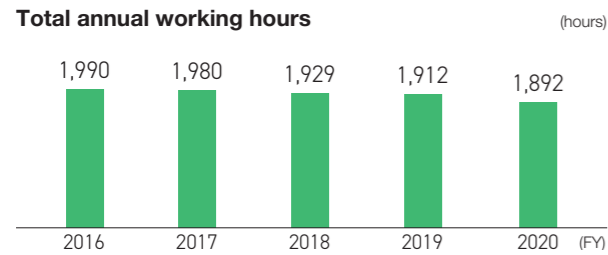
We are developing a culture that enables diverse personnel to work together in exerting their skills and embracing challenges in order to become a strong company.

It is imperative to create a work environment that allows diverse employees to utilize their skills freely while respecting one another in order to create a strong organization. To achieve this, we are implementing reform with consideration for ensuring a pleasant and rewarding workplace as the top priorities. We started work style reforms in 2014, and along the way, we have set the KPI of total working hours per year of 1,800 hours and paid leave utilization rate of 85%. Due to the COVID-19 pandemic, changes in the labor environment have made clear there are many "things you don't need to do." We will continue on with our reform by grasping this opportunity to reduce wasteful work processes. Moreover, the increasing trend of working from home and not coming to the office everyday will also continue after COVID-19. For this reason, we continue to further pursue a work environment that is pleasant for everyone.

Improving the sense of rewarding work is hard to quantify as each individual's sense of value greatly impacts it. However, we have started a survey as we consider employee engagement to be the key. We will enhance the connection between employees and the organization while attempting to find out how much we can add to the current figures.

Through these activities to achieve an employee friendly workplace, we hope for that employees will exert their leadership abilities autonomously.

Also, the fair evaluation of employees is also important. Since FY2013, we have been developing a global human resources system in order to address the diversifying work styles of our employees. This system aims to achieve a tailor made career structure for employees around the world to choose a career type that suits them, and enables them to be evaluated based on fair criteria and receive fair compensation regardless of where in the world and which position they have chosen. Through shifts, including from seniority to position-based pay (Pay for Job), performance/evaluation-linked compensation structure reform (Pay for Performance) and achievement of clearly defined compensation (Pay for Differentiation), we will foster the awareness of healthy competition, and as a result generate maximum results as individuals and organizations. In addition, through disclosing the KPI sheet to all employees, everyone will have access to the knowledge of who is doing what type of work and with what kind of goals. This is an effort to embody one of the corporate philosophies of "corporate openness," which not only prevents centralization of power, but serves as proof of practicing truly fair evaluation.



Provide opportunities for self-expression and growth by soliciting new business plans

Our calls for a new business plan that began in FY2017 helped to sow the seeds for a new business model where employee engagement in business concept is connected to growth. It also functions as a mechanism for increasing our solution capabilities. These changes include emphasizing thoughts and business hypothesis based on proposers' diverse experiences, and incorporating follow-up and networks of accelerators in the selection process. This will solidify the path to commercialization of proposer ideas.

Business plans that have passed the final selection

- FY2017** Veggie Kids Nursery, which teaches children to love vegetables
→ **Launched in April 2019**
- FY2018** Food fiber business using carrot pulp
→ **Began developing carrot pulp as new ingredient**
- FY2019** Soil conditioner made from lactobacillus brevis compound, along with manufacture and sales of organic fertilizer
→ **Continuing basic research and experiments**
- FY2020** Ghost restaurant for vegetables
→ **Began provision of trial menu for business development**

Be considerate of human rights

○ Respect for human rights as part of the Kagome Group Code of Conduct

Kagome's Code of Conduct consists of three pillars, and one of them is the respect for human rights. "Respect for human rights" is shown to be the axis of daily actions of Kagome Group employees in three points.

[Excerpt of "Respect for Human Rights" from Kagome Group Code of Conduct]

- Respect for individuals: We respect individuals and their privacy. We mutually recognize the various skill sets and diversity of employees as Kagome's most valuable assets.
- Prohibition of discrimination: Each person is treated fairly and equally in the workplace. Discrimination is an infringement of human rights and is strictly prohibited.
- Measures against harassment: We nourish a corporate culture that prevents and stops all forms of harassment, both inside and outside of our company. We never look the other way.

○ Initiatives implemented for respect of human rights

1. Raw materials and the supply chain

In order to achieve a sustainable society with our suppliers as business partners as well as ensure safe and secure procurement of raw materials, we have established the CSR Procurement Policy and Kagome Supplier CSR Action Guidelines, which provide specific guidelines to our suppliers in Japan and overseas. Through these efforts, we are promoting procurement with consideration for human rights. (See p.41)

| Countermeasures | Items for consideration of human rights |
|--|--|
| Kagome CSR Procurement Policy | We respect the rights of individuals and conduct efforts that are mindful of labor environment and safety and health. |
| Kagome Supplier CSR Procurement Guidelines | We have established guidelines based on the five subjects of prohibition of discrimination and harassment, prohibition of child labor and forced labor, ensuring appropriate wages and benefits, provision of a safe work environment, and appropriate management of work hours. |

2. Harassment in the workplace

Harassment is a deep-rooted issue that can only be eliminated with increased awareness, even with a system of prevention in place. We recognize that there is potential for anyone to conduct acts of harassment. We are taking resolute actions against harassment in order to develop a culture that fosters taking thoughtful actions toward others, making it easy for employees to seek consultations, and be caring and not turn a blind eye.

| Countermeasures | Items for consideration of human rights | Items for consideration of human rights |
|------------------------|--|--|
| Policy | Established Harassment Eradication Rules in the Guidelines Top Message | In addition to clearly stating the prohibition of harassment in the Code of Conduct, we continuously disseminate messages from top management that harassment is not tolerated at corporate policy presentations and in the company newsletter. |
| Education | Reading out loud of Harassment Eradication Rules and Case Studies | Case studies are compiled based on actual cases of harassment at the company and shared internally. Members of each office are asked to read the Harassment Eradication Rules and Case Studies out loud in order to enhance their understanding of problematic behaviors and encourage exchange of opinions and ideas, which leads to a commitment within the workplace to prevent harassment. |
| Monitoring | Survey on actual condition of harassment | The survey is conducted among all employees every year in order to assess the actual situation of workplace harassment and implement further improvement. The results are reported to the management meeting and published in company-wide announcement. |
| Reporting/Consultation | Internal whistleblowing system | See p.58 |
| Fair punishment | Disciplinary action and reporting | If an act of harassment causes any damage to the company, such as deterioration of the work environment or hindrance of other employees from work execution, disciplinary action will be determined following deliberation at the Disciplinary Committee meeting and reported to the Board of Directors as appropriate. |

Promoting health and productivity management

At Kagome, we believe that to be a sound company, it is important to ensure that each individual employee is healthy, both physically and mentally. We are therefore working proactively to manage the health of our people.

Kagome Health and Productivity Management Pledge

In 2017, we established Kagome's 7 Points for Good Health, and made the Kagome Health and Productivity Management Pledge. In December 2020, we were given the highest rank by the Development Bank of Japan (DBJ) under its DBJ Employees' Health Management Rating. Furthermore, in March 2021, we were recognized under the Certified Health and Productivity Management Organization (large corporations) program administered by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi.

Framework for promoting health and productivity management

In 2016, we established the General Health Services Department at Kagome Axis Co., Ltd. We have appointed industrial physicians at all business locations, where we promote health management together with public health nurses. In 2018, we launched the Health Promotion Committee, under which we are engaging in health improvement activities with a focus on independent initiatives driven by each business location.

We are also working to identify issues relating to employee health, and implement health-related initiatives, such as holding regular Collaborative Health Promotion Meetings together with the Kagome Health Insurance Union. Furthermore, we also hold Kagome Health Meetings, at which industrial health staff from major business locations, Kagome corporate officers responsible for health issues, and members of the General Health Services Department at Kagome Axis Co., Ltd. and Kagome Health Insurance Union assemble to share and discuss Group-wide health-related initiatives.

Industrial physician system

We have established health management desks at all of our business locations in Japan. While working with industrial health staff (industrial physicians and public health nurses), we engage in efforts for the early detection of employees with physical or mental health issues and to provide health guidance.

Current situation with regard to health management and health promotion measures

In addition to promoting initiatives based on Kagome's 7 Points for Good Health, Kagome also implements its own unique health checkups (Kagome Kenshin) in collaboration with the Kagome Health Insurance Union, and carries out regular dental checkups, influenza vaccinations and walking campaigns every year. We also encourage and support employees age 30 or above, and their spouses, to undergo comprehensive medical examinations.

We have launched a nationwide health promotion program, Karada Ikiki Challenge. As part of this program, there is a walking campaign to promote exercise, vegetable juice drinking campaign to promote intake of vegetables, as well as a competition for the amount of vegetable intake in each meal. Furthermore, starting April 2021, we are enhancing measures to prevent secondhand smoke and encourage smoking cessation, while gradually phasing out the smoking areas at each business office. We will also provide support to employees trying to quit smoking together with the Kagome Health Insurance Association, including subsidy for attending outpatient smoking cessation clinics.

Improving employees' health literacy

In order to maintain the physical and mental health of each of our employees, we consider it necessary to visualize and share employees' state of health, and to help them to acquire correct health-related knowledge. In 2017, we began publishing the Kagome Health Report, and holding health seminars for employees.



Kagome Health and Productivity Management Pledge

The health of employees links directly to feelings of job satisfaction, through improving their sense of pride and engagement at Kagome.

Kagome contributes to the health of its customers through food, while at the same time promoting health and productivity management based around the core of Kagome's 7 Points for Good Health.

Kagome's 7 Points for Good Health

1. Nutritional balance, eat 350g of vegetables a day
2. Feel fresh and cleansed every day, drink Labre
3. Sleep well, greet people, and enjoy a fun lifestyle
4. Take appropriate exercise, walk 8,000 steps a day
5. Develop habits of brushing teeth, gargling and washing hands
6. Don't drink too much alcohol, and avoid smoking
7. Take regular health checkups and manage your own health

Situation regarding health checkups (%)

| | 2018 | 2019 | 2020 (FY) |
|--|------|------|-----------|
| Percentage of employees taking health checkups | 100 | 100 | 100 |
| Percentage of employees receiving specific health guidance | 58.2 | 72.0 | 84.8 |

Current situation with regard to stress checks (%)

| | 2018 | 2019 | 2020 (FY) |
|-------------------------------|------|------|-----------|
| Examination rate | 92.0 | 95.7 | 93.3 |
| Rate of high stress employees | 6.3 | 7.4 | 7.6 |

Smoking rate among employees (%)

| | 2018 | 2019 | 2020 (FY) |
|--------------|------|------|-----------|
| Smoking rate | 23.1 | 20.8 | 19.5 |

Working with Communities

Resolving Social Issues Through Food

Kagome actively embraces collaboration with local communities knowing that this is essential to the realization of a sustainable society in terms of "Longer, healthier lives" and "Agricultural development and regional revitalization," both social issues that Kagome is seeking to resolve.

○ Kagome Yasai Seikatsu Farm Fujimi, a core part of Kagome's regional revitalization efforts

Over the years, Kagome has deepened its connection with Fujimi Town, in the Suwa District of Nagano, through Kagome Fujimi Plant that began operating back in 1968. In 2015, we jointly invested in Yatsugatake Mirai Farm as part of agricultural development for utilizing idle land, and in 2019, we began cultivating fresh tomatoes. In 2016, Kagome concluded a regional development agreement with Fujimi Town, under which we are working to resolve social issues faced by the local community. In April 2019, we opened Kagome Yasai Seikatsu Farm Fujimi to generate tourism demand locally. Looking ahead, Kagome is committed to working closely with Fujimi Town to resolve such social issues as "longer, healthier lives," "turning agriculture into a growth industry" and "revitalizing Fujimi Town."



Kagome Yasai Seikatsu Farm Fujimi

○ Oishii! Vegetable Challenge activity, which provides elementary school students the opportunity to learn about food.

We are conducting support activities on food education for people of all ages. One of the programs is Oishii! Vegetable Challenge, a hands-on activity for children launched in cooperation with Houkago NPO Afterschool, that strives to develop safe and enriching after school programs. We delivered the program to 130 schools and 4,800 students across Japan between FY2018 and FY2020. The program involves an employee who leads the students as Yasai Sensei (Vegetable Teacher) in understanding the importance of vegetable intake and developing new topics for learning.



野菜チャレンジ

- Program content (example)**
- 1 Hands-on learning, including quiz on vegetables, juice making, etc.
 - 2 Food education experienced with the five senses. Food education taught by putting all five senses to work.
 - 3 Cultivate growth power. Learning about how vegetables benefit the body.

○ Kagome Mirai Yasai Foundation providing greater mutual support through assistance for food education

Kagome Mirai Yasai Foundation was established in October 2020 based on our philosophy of mutual support as stated in the Code of Conduct. It is extremely difficult for an individual, organization, or business alone to resolve social issues such as nutrition education assistance or child poverty. Therefore, the mission of the Foundation is to address these issues together with the local community. In FY2020 and FY2021, aid has been provided mainly targeting organizations that implement food education support activities for children. As part of this aid program, the Foundation's proactive economic support through donations made to cafeterias providing meals to children for free or at reduced prices is aimed at expanding the provision of homemade hot meals to as many children as possible. This is because the organization had faced a difficult operation situation relying on donations from the private sector, individuals and government authorities.



Children dining at a children's cafeteria

- Main activities in FY2020 and FY2021**
- Collaborative organizations: NPO Musubie, and others
 - Sponsored organizations: 75 organizations (children's cafeterias nationwide) / Aid provided in April 2021