



## Directors



- 1 Satoshi Yamaguchi** (Born December 29, 1960)  
President & Representative Director

**Remuneration and Nomination Advisory Committee Member**

1983 Joined the Company  
2003 General Manager, Institutional & Industrial Business Unit  
2010 Executive Officer  
2010 Director, Institutional & Industrial Business Division  
2015 Director, Innovation Division  
2018 Director, Vegetable Business Division  
2019 Director & Managing Executive Officer  
2020 President & Representative Director (to present)
- 2 Yoshihide Watanabe** (Born March 4, 1958)  
Director & Senior Managing Executive Officer

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  
2008 General Manager, Corporate Planning Department, Corporate Planning Division  
2009 Director, Corporate Planning Division  
2009 Director & Executive Officer  
2011 Director & Managing Executive Officer  
2016 Director & Senior Managing Executive Officer (to present)
- 3 Takashi Hashimoto** (Born October 30, 1958)  
Director & Senior Managing Executive Officer

1983 Joined the Company  
2001 General Manager, Shizuoka Plant  
2003 General Manager, Kozakai Plant  
2005 General Manager, Production Technology Department  
2008 General Manager, Production and Procurement Planning Department  
2012 General Manager, Corporate Planning Department  
2013 Executive Officer and General Manager, Corporate Planning Department  
2017 Executive Officer and Director, Production & Purchasing Division  
2019 Managing Executive Officer and Director, Production & Purchasing Division  
2020 Senior Managing Executive Officer  
2021 Director & Senior Managing Executive Officer (to present)
- 4 Hirohisa Kobayashi** (Born July 16, 1961)  
Director & Managing Executive Officer  
Director, Sales Division

1984 Joined the Company  
2005 General Manager, Taiwan Kagome Co., Ltd.  
2006 General Manager, Probiotics Business Unit (responsible for marketing)  
2009 General Manager, Consumer Sales Department, Osaka Branch  
2014 Executive Officer  
2014 Director, Consumer Business Division  
2015 Managing Executive Officer  
2015 Director, Marketing Division  
2018 Director, Sales Division (to present)  
2019 Director & Managing Executive Officer (to present)
- 5 Takayuki Hashimoto** (Born July 9, 1954)  
External Director

**Independent Remuneration and Nomination Advisory Committee Member**

1978 Joined IBM Japan, Ltd.  
2000 Vice President, Small & Medium Business, Japan  
2003 Vice President, Business Partner & Personal Computing & System Group  
2007 General Manager, Global Technology Services, Japan  
2008 General Manager, Sales, Japan  
2009 General Manager, IBM Japan  
2012 Director & Chairman, IBM Japan  
2014 Chairman, IBM Japan  
2014 External Director of the Company (to present)  
2015 Vice Chairman, IBM Japan  
2015 Outside Auditor of IHI Corporation  
2016 Outside Member of the Board of Mitsubishi Chemical Holdings Corporation (to present)  
2016 Outside Director of CHUBU Electric Power Co., Inc. (to present)  
2017 Honorary Advisor, IBM Japan (to present)  
2019 President and Representative Director, Yamashiro Management R&D Institute LTD. (to present)
- 6 Hidemi Sato** (Born February 17, 1959)  
External Director

**Independent Remuneration and Nomination Advisory Committee Member**

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)
- 7 Kumi Arakane** (Born July 4, 1956)  
External Director

**Independent**

1981 Joined KOBAYASHI KOSE COMPANY LIMITED (currently, KOSE Corporation)  
1997 Obtained a doctorate (Doctor of Pharmacy) from the University of Tokyo  
2002 Senior Chief Researcher, R&D Headquarters Advanced Cosmetic Research Laboratories of KOSE Corporation  
2004 General Manager, Product Development Dept., Marketing Headquarters of KOSE Corporation  
2006 Executive Officer, Deputy Director-General of Marketing Headquarters and General Manager of Product Development Dept. of KOSE Corporation  
2010 Executive Officer, General Manager, R&D Laboratories of KOSE Corporation  
2011 Executive Officer, General Manager, Quality Assurance Dept. of KOSE Corporation  
2011 Director, KOSE Corporation (in charge of Quality Assurance Dept., Customer Service Center, Purchasing Dept., and Product Designing Dept.)  
2017 Audit & Supervisory Board Member, KOSE Corporation  
2019 Outside Audit & Supervisory Board Member, Kubota Corporation  
2020 External Director of the Company (to present)  
2020 Outside Director, Toda Corporation (to present)  
2021 Outside Director, Kubota Corporation (to present)
- 8 Hirohito Kodama** (Born March 22, 1959)  
Director, Standing Audit and Supervisory Committee Member

**Audit and Supervisory Committee Member**

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  
2013 CEO, Asia Business Company  
2015 General Manager, Shared Service Preparation Office  
2016 Responsible for Business Process Redesign of the Company and President & Representative Director of Kagome Axis Co., Ltd.  
2018 Outside Audit & Supervisory Board Member of Dynapac Co., Ltd.  
2018 Director, Audit and Supervisory Committee Member (to present)
- 9 Tatsuya Endo** (Born August 18, 1959)  
External Director, Audit and Supervisory Committee Member

**Independent Audit and Supervisory Committee Member**

**Remuneration and Nomination Advisory Committee**

1985 Joined Arthur Andersen & Co., Tokyo Office  
1990 Certified as tax accountant  
1998 Partner at Arthur Andersen & Co., Tokyo Office  
2002 Partner at Asahi KPMG Tax Corporation (currently, KPMG Tax Corporation)  
2016 Deputy Senior Partner at KPMG Tax Corporation  
2020 Representative of Tatsuya Endo Tax Accountant Office (to present)  
2020 External Director, Audit and Supervisory Committee Member (to present)
- 10 Asako Yamagami** (Born January 1, 1970)  
External Director, Audit and Supervisory Committee Member

**Independent Audit and Supervisory Committee Member**

1999 Registered as attorney-at-law. Joined Taiyo Law Office (currently, Paul Hastings LLP).  
2005 Seconded to The Walt Disney Company (Japan) Ltd.  
2006 Joined IBM Japan, Ltd.  
2012 Contracted attorney, Office of International Affairs, Japan Federation of Bar Associations  
2012 Joined Natori Law Office as Partner (to present)  
2015 Outside Director, Audit & Supervisory Committee Member, Musashi Seimitsu Industry Co., Ltd.  
2016 Director, Office of International Affairs, Japan Federation of Bar Associations  
2020 External Director, Audit and Supervisory Committee Member (to present)

## Recommendations from External Directors

### What should Kagome do now for the sustainable improvement of corporate value?

We received recommendations from our five External Directors regarding Kagome's prospects and challenges in a post-COVID-19 world, the roles of External Directors, and initiatives for sustainability.

#### Kagome's prospects and challenges in a post-COVID-19 world



**Takayuki Hashimoto**  
External Director

"To become a strong company capable of sustainable growth, using food as a means of resolving social issues"

This goal is becoming more important as we head into a post-COVID-19 world. In terms of our initiatives to resolve social issues, our ability to empower all employees to consider and practice such initiatives as something that matter to them personally through their work is being questioned. As for sustainable growth, while it has long been said that we are in the era of VUCA, the spread of COVID-19 has further extended the reach of these factors, and largely affected the timeline. We face many challenges such as the changes and diversification of products and sales channels as a result of behavioral changes and work style reform as well as responses to environmental issues and economic security. In order to tackle these challenges and enhance our corporate value, we need to apply a next-level response capability that has not been seen before. It is crucial to accomplish true diversity and incorporate a multitude of sensibilities including hiring of young people, women, mid-career workers, and non-Japanese employees. Also, DX is a main tool. It is inevitable that the ratio of overseas sales will increase from the shrinking domestic market in the medium term. In overseas consumer markets, interest in health products, including immunity, is increasing, while the market is undergoing major changes such as increase in personal income. I hope to see a strong will and ability in everyone to carry out what they want to do, and not merely continue on as usual, in order to realize our desired goals.



**Hidemi Sato**  
External Director

It is expected that even after COVID-19, the trend of moving work and school to an online platform as a result of the pandemic will continue, and there will be more opportunities to cook meals or eat at home. From worries of new infectious diseases, people are expected to become more conscious of eating healthy in order to enhance their immunity.

Consumers have known the importance of vegetable intake which contributes to maintenance and improvement of health. Since the COVID-19 pandemic, the number of people mindful of eating vegetables either through cooking or dining is on the rise. As the opportunity to dine or cook at home increases, people will want to eat healthy without spending too much time or efforts. Currently, in addition to vegetable products for consumer use, such as vegetable juices and processed tomato products, Kagome offers hassle-free and delicious frozen vegetables in industrial format, such as grilled colored peppers, and onions, and pureed pumpkin and spinach. In addition, we also offer development recipes using industrial vegetable products for home meal replacements and dining out.

As Kagome aims to evolve into a vegetable company from a tomato company by 2025, I believe it is important to offer vegetable products that will be easily incorporated into the diversified lifestyles of consumers using our existing resources.



**Kumi Arakane**  
External Director

The COVID-19 pandemic has drastically changed the way we live. I feel in all types of situations that conventional concepts will no longer work, and we need to respond to the future vision that we have painted for ourselves with a sense of speed. Given this situation, while awareness and interest towards health and food will continue to rise, the values that society and consumers expect and points of contact they need will also without a doubt change. It also brought on major changes to the purchasing behavior of consumers.

Kagome has presented its vision of transformation from a tomato company into a vegetable company, and aims to contribute to health and foods using a broader scope. However, in doing so, the Company needs to realize it cannot stay in its main battlefield, and needs to expand further to bigger markets. And in those arenas, there are already many strong rivals who are not directly related in the tomato or vegetable business. Kagome needs to share the sense of urgency among all employees that if it cannot promptly enter these markets with its unique business ideas, then not to mention growth, but remaining in these markets alone will become difficult. I believe Kagome is expected to morph from a company that makes good products into a company that is indispensable to society which provides truly valuable solutions in terms of health and foods.

#### Role as External Director



**Tatsuya Endo**  
External Director, Audit and Supervisory Committee Member

As an Outside Director in FY2020, I focused on the supervisory and advising role on whether the management team was promptly setting out and implementing appropriate measures in response to the changes surrounding Kagome's business environment due to the COVID-19 pandemic globally. In addition, I oversaw and advised on the progress of structural reforms of the agricultural business and overseas business, which have been a management issue in recent years, by utilizing the diverse backgrounds and specialty areas of each of the five external directors. In addition, I also provided specific proposals to stimulate the discussion among the team of managing executives on medium to long term growth strategies, which are included in the agenda of the Board of Directors for FY2021. In FY2021 the Company will formulate the 3rd Mid-Term Management Plan for the period between FY2022 and FY2025. As an external director, I hope to draw on my knowledge in my areas of expertise and actively participate in discussions, particularly on growth strategies, from the perspective of shareholders.

#### Initiatives on sustainability



**Asako Yamagami**  
External Director, Audit and Supervisory Committee Member

I highly appreciate that Kagome positions the solution of social issues such as extending healthy life expectancy as materiality, and is implementing sustainability initiatives in its business activities related to food and agriculture throughout the value chain based on its corporate philosophy.

Going forward, it is essential to establish specific indicators aimed at reaching the targets in all areas, and monitor their progress in order to further enhance these initiatives. Furthermore, I believe it is a topic for consideration to incorporate sustainability goals into our management strategy and reflect the degree of achievement in the evaluation.

In addition, in order to grow sustainably and survive in a rapidly changing society, it is necessary to identify risks and opportunities from the various social issues illustrated within the SDGs and connect them to new value creation. In order to tackle this with the company as a whole, it is crucial to instill the awareness of sustainability among each and every employee.

Furthermore, having the active participation of diverse employees is the key to rethinking the business from a fresh perspective toward value creation. As we are now finally about to enter the stage of value creation with the human resources structure developed to support the above, including hiring, evaluation, and work style, it is important to consciously foster an open and positive culture in order to truly demonstrate the value of diversity, and for which I hope to play a role in serving the company as an external director.

## Corporate Governance

### Basic policy of corporate governance

In accordance with its 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.

Kagome considers further strengthening of “autonomy” complemented by “heteronomy” to be the fundamentals of our corporate governance. This will ensure objectivity and

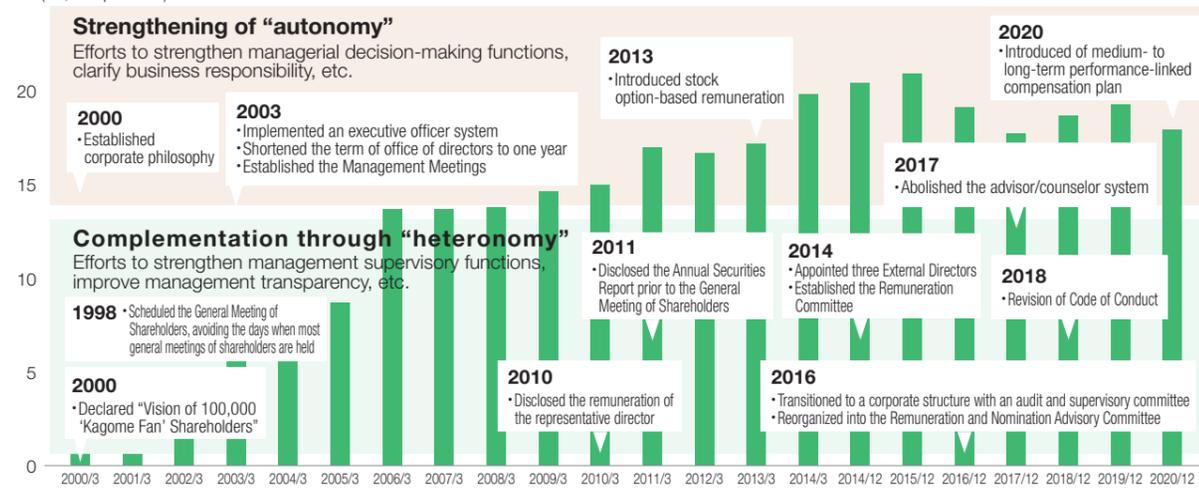
transparency, forming a basis by designing its own concept of corporate governance adapted to the present day, while incorporating diverse outside viewpoints by working to attract more “Kagome Fan Shareholders” and leveraging the function of external directors among other things.

We aim to deliver a high degree of accountability and achieve “corporate openness” in interactions with stakeholders, while employing the unique attributes and originality of Kagome.

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

The history of our corporate governance is a culmination of our efforts to achieve “corporate openness” as part of our corporate philosophy that can be traced back to the aspirations of our company’s founder. We have been continuously evolving up until the present through the public offering of our shares and the separation of capital from management, etc. in the past.

Number of shareholders  
25 (10,000 persons)



### Corporate governance system

We are separating executive functions from supervisory functions to accelerate managerial decision making and help clarify business responsibility. The Company has specified that the Board’s primary duties are determining the company’s management strategies and policies and monitoring the implementation of such strategies and policies. The Board enhances the advisory and supervisory functions and increases the effectiveness of such functions by electing one third or more external directors, who satisfy the Standards for Judging the Independence of Independent External Directors, as the members of the Board.

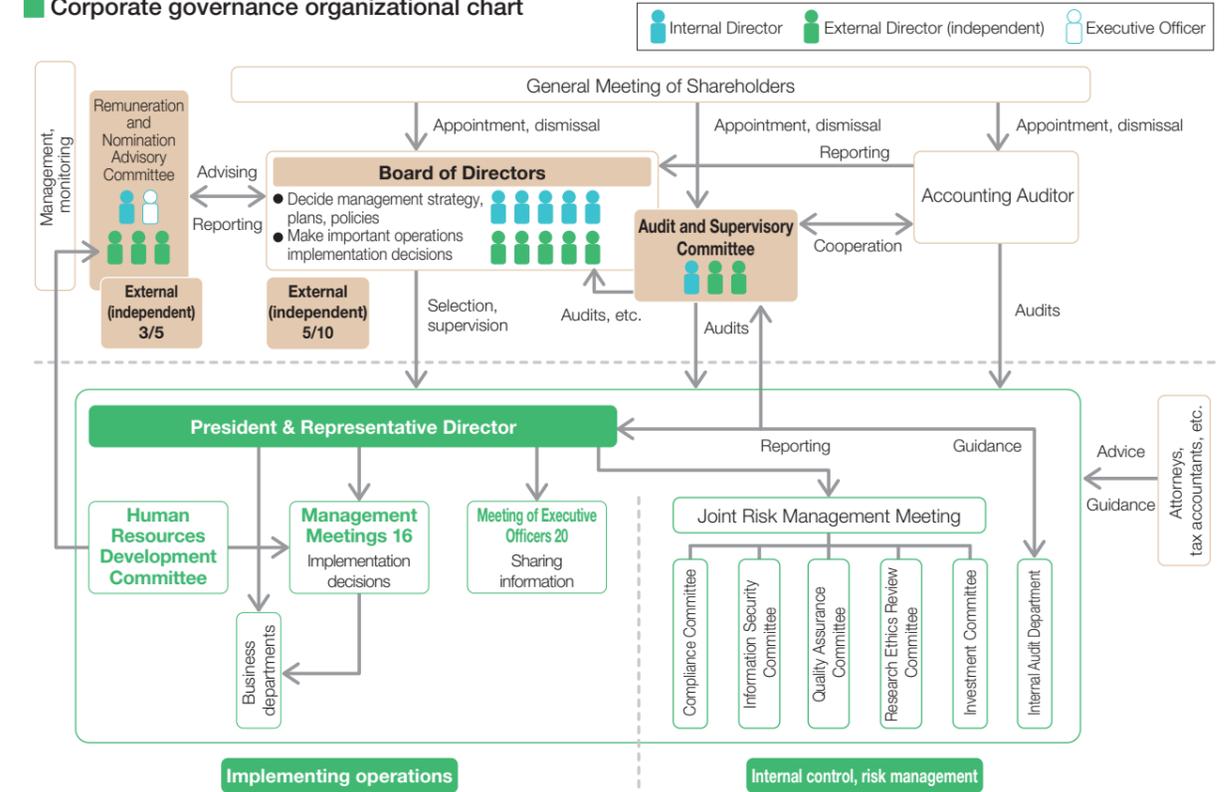
The Audit & Supervisory Committee has set a policy of having one or more standing Audit and Supervisory Committee members, and uses internal control systems to audit the legality and appropriateness of the operations implemented by the directors.

The nomination and remuneration of directors are deliberated by the Remuneration and Nomination Advisory Committee; more than half of whose members are

independent external directors. The results of the deliberations are advised to the Board of Directors, which then determines the nomination and remuneration of the 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 regarding the execution of business. In addition, we have established the Meeting of Executive Officers in order to convey and make known Board resolutions and reported matters as well as to facilitate communication and coordination among the executive officers. Furthermore, the Management Meetings have been established under the leadership of the president to ensure that business is executed in an agile manner and through mutual coordination. Deliberations at 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



### Meetings/attendance of the Board of Directors, Audit and Supervisory Committee and optional committees in FY2020

	Board of Directors	Audit and Supervisory Committee	Remuneration and Nomination Advisory Committee	Joint Risk Management Meeting
Naoyuki Terada	100% (14/14)		100% (6/6)	100% (6/6)
Satoshi Yamaguchi	100% (14/14)		100% (6/6)	100% (6/6)
Yoshihide Watanabe	100% (14/14)			100% (6/6)
Katsuyuki Miwa	100% (14/14)			100% (6/6)
Hirohisa Kobayashi	100% (14/14)			
Seichi Kondo	100% (4/4)		100% (3/3)	
Takayuki Hashimoto	100% (14/14)		100% (6/6)	
Hidemi Sato	100% (14/14)		100% (3/3)	
Kumi Arakane	100% (10/10)			
Hirohito Kodama	100% (14/14)	100% (14/14)		100% (6/6)
Morihiro Murata	100% (4/4)	100% (4/4)	100% (3/3)	100% (1/1)
Hiroshi Mori	100% (4/4)	100% (4/4)		
Tatsuya Endo	100% (10/10)	100% (10/10)	100% (3/3)	80% (4/5)
Asako Yamagami	100% (10/10)	100% (10/10)		80% (4/5)

### Kagome's policy on appointing directors

We consider a size that is appropriate for holding high quality discussions, while ensuring diversity and balance in terms of knowledge, abilities and experience in the composition of the Board. Such a size achieves a medium- to long-term increase in corporate value by maximizing the advisory and monitoring functions of the Board of Directors. Additionally, the Board selects candidates, taking into account the internal and external compositions, independence, specific experiences, areas of expertise, genders, nationalities, etc. according to the business environment, after deliberations of the Remuneration and Nomination Advisory Committee. One third or more of the members of the Board of Directors elected are independent external directors.

The Board of Directors currently consists of 10 members, including seven directors (excluding directors who are Audit and Supervisory Committee members) and three directors who are Audit and Supervisory Committee members, of which five are independent external directors. Our external directors come from a variety of backgrounds and have extensive experience and knowledge that contribute to the diversity management and business globalization included in our medium- to long-term vision and the achievement of longer, healthier lives through food. As a long-term vision, we have set the goal of increasing the percentage of women in the workforce, including executives, to 50% by around 2040, and we will aim to achieve the same for the Board of Directors at an early stage.

Specialized areas/Areas of expertise of Directors

Name	Position at the Company	Attributes	Corporate management	International operations	Finance, accounting	Law	Human resources development and diversity	Sales and marketing	Production and procurement	Research and technology
Satoshi Yamaguchi	President & Representative Director		○					○		○
Yoshihide Watanabe	Director & Senior Managing Executive Officer		○	○	○					
Takashi Hashimoto	Director & Senior Managing Executive Officer		○						○	○
Hirohisa Kobayashi	Director & Managing Executive Officer		○	○				○		
Takayuki Hashimoto	External Director	External Independent	○	○			○			
Hidemi Sato	External Director	External Independent					○	○		○
Kumi Arakane	External Director	External Independent	○					○		○
Hirohito Kodama	Director & Audit and Supervisory Committee member		○	○						○
Tatsuya Endo	External Director & Audit and Supervisory Committee Member	External Independent		○	○					
Asako Yamagami	External Director & Audit and Supervisory Committee Member	External Independent		○		○				

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

We deem 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, corporate auditor (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

Directors' remuneration

Our company's directors' remuneration plan is designed and managed according to the basic policy that it be a remuneration plan suited to a global corporation aimed at the realization of the mid-term management plan and that the results provided to the company and roles expected through the job duties of individual directors are important and that they are evaluated appropriately. Specifically, remuneration comprises basic compensation and the compensation that are linked to business performance. The proportions of each of the above are determined based on the positions of the directors.

Basic compensation is fixed compensation that is determined based on directors' positions and the scope of the role of each job grade. Performance-linked compensation comprises cash bonuses and stock options determined based on consolidated profit indicators as the company-wide business performance and contribution made by each individual director. Stock options serve as incentives for mid-term and multiple-year management and are designed to be exercisable based on consolidated profit

indicators after a certain period of time from the time of allotment as exercise conditions. Accordingly, the exercisable number of these stock options is determined according to the degree of attainment. Compensation for directors who are audit and supervisory committee members and external directors comprises basic compensation only. Further details are provided in the Annual Securities Report for the 77th Period.

([https://www.kagome.co.jp/library/company/ir/json/statutory/upload\\_file/m001-m001\\_02/S100KWYO.pdf](https://www.kagome.co.jp/library/company/ir/json/statutory/upload_file/m001-m001_02/S100KWYO.pdf))

In FY2014, 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 directors' compensation, etc. In FY2016, the same committee was given functions as an advisory body concerning the nomination of directors, and was then reorganized to become the current Remuneration and Nomination Advisory Committee.

Remuneration and Nomination Advisory Committee: 4 to 6 meetings held/year

Fiscal year in which the committee was convened	Main matters deliberated
2020	<p>First committee</p> <ol style="list-style-type: none"> <li>1. FY2019 executive bonus (matter deliberated)</li> <li>2. Introduction of new stock compensation (matter deliberated)</li> <li>3. Personnel reshuffle of directors (matter deliberated)</li> <li>4. Finalization of FY2017 stock options (matter reported)</li> </ol> <p>Second committee</p> <ol style="list-style-type: none"> <li>1. Proposal to review selection of specially appointed officers (matter deliberated)</li> </ol> <p>Third committee</p> <ol style="list-style-type: none"> <li>1. Committee system after April 2020 (matter deliberated)</li> <li>2. Directors' compensation for FY2020 (matter deliberated)</li> <li>3. Rules on the Handling of the Mandatory Retirement Age of Directors and Executive Officers (matter deliberated)</li> <li>4. Applicability of committee member stipend (matter deliberated)</li> <li>5. Evaluation of overseas CEOs and compensation (matter deliberated)</li> <li>6. Alternate External Director (Audit and Supervisory Committee Member) compensation (matter deliberated)</li> </ol> <p>Fourth committee</p> <ol style="list-style-type: none"> <li>1. Personnel reshuffle of directors with effect from October 2020 (matter deliberated)</li> <li>2. Representative Director and President of Kagome Agri-Fresh Co., Ltd. in October 2020 (matter deliberated)</li> </ol> <p>Fifth committee</p> <ol style="list-style-type: none"> <li>1. Results of compensation survey (matter reported)</li> <li>2. Review of directors' performance-linked bonus factor (matter deliberated)</li> <li>3. Candidates for Director in FY2021 (matter deliberated)</li> </ol> <p>Sixth committee</p> <ol style="list-style-type: none"> <li>1. Candidates for executive officer positions in FY2021 (matter deliberated)</li> <li>2. Directors' performance-linked bonus factor (matter deliberated)</li> <li>3. Remuneration and Nomination Advisory Committee schedule for FY2021</li> </ol>
2021	<p>First committee</p> <ol style="list-style-type: none"> <li>1. FY2020 executive bonus (matter deliberated)</li> <li>2. Personnel reshuffle of directors (matter deliberated)</li> <li>3. Progress of succession plan (matter reported)</li> <li>4. Finalization of FY2018 stock options (matter reported)</li> </ol> <p>Second committee</p> <ol style="list-style-type: none"> <li>1. Committee system after April 2021 (matter deliberated)</li> <li>2. Directors' compensation for FY2021 (matter deliberated)</li> <li>3. Overseas CEOs' compensation (matter deliberated)</li> </ol>

Directors' 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 remuneration	Bonus	
Directors (excluding Audit and Supervisory Committee members)*	351	171	38	140	5
Directors (Audit and Supervisory Committee members)*	30	30	—	—	1
External Directors	53	53	—	—	8

\*Excludes External Directors. Kagome transitioned to a corporate structure with an Audit and Supervisory Committee as of March 25, 2016.

Total amount of compensation, etc. of individual directors

Category of directors	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)		
		Basic remuneration	Stock remuneration	Bonus
Chairman of the Board of Directors Naoyuki Terada	102	36	18	46
President & Representative Director Satoshi Yamaguchi	79	43	3	33

\*Only compensation, etc. of persons whose total amount of compensation, etc. is 100 million yen or more is stated.

Breakdown of compensation by position

Position	Fixed-amount compensation	Performance-linked compensation			Distribution of evaluation	
		Short-term cash bonus	Stock remuneration	Total	Company-wide business performance	Individual performance
Chairman of the Board of Directors	50%	33%	17%	50%	100%	0%
President & Representative Director	50%	33%	17%	50%	100%	0%
Director & Senior Managing Executive Officer	60%	28%	12%	40%	80%	20%
Director & Managing Executive Officer	65%	25%	10%	35%	80%	20%
Director & Audit and Supervisory Committee member	100%	0%	0%	0%	—	—
External Director	100%	0%	0%	0%	—	—

Amount of fixed compensation by position (excluding Director & Audit and Supervisory Committee member and External Director)

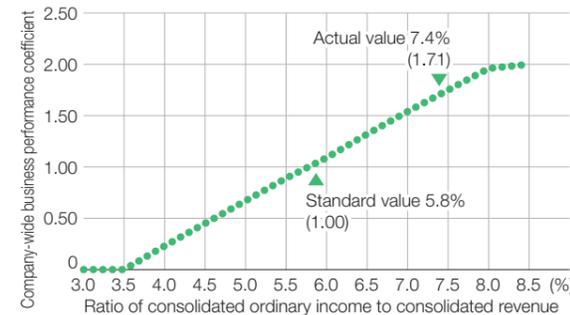
Position	Fixed-amount compensation (million yen)
Chairman of the Board of Directors	36
President & Representative Director	43
Director & Senior Managing Executive Officer (set according to job grade)	30 to 32
Director & Managing Executive Officer (set according to job grade)	24 to 26

### Calculation method of performance-linked compensation

The performance-linked compensation of each director is calculated using the formula shown below:

- Basic bonus amount = Total basic compensation of each position/job grade × Total percentage of performance-linked compensation
- Total amount of performance-linked compensation = Standard bonus amount × (Company performance pay coefficient 1\*1 [ratio of consolidated ordinary income to consolidated revenue] × Position weight + Company performance pay coefficient 2\*1 [net income versus budget] × Position weight + Individual performance pay coefficient\*2 × Position weight)

\*1. The "Company performance pay coefficient" is determined through a "company performance evaluation" which evaluates the rate of achievement of company performance indicators. We have established the two indicators of (1) Ratio of consolidated ordinary income to consolidated revenue and (2) Net income versus budget as company performance indicators. (1) Ratio of consolidated ordinary income to consolidated revenue We set "ratio of consolidated ordinary income to consolidated revenue" as one of the company performance indicators representing an important consolidated management indicator related to company performance evaluation following our voluntary adoption of International Financial Reporting Standards in FY2019. The ratio of consolidated ordinary income to consolidated revenue for FY2020 was 7.4%. As a result, the coefficient of the ratio of consolidated ordinary income to consolidated revenue was set at 1.71 in advance pursuant to the table at right. (2) Net income versus budget We set "Net income attributable to shareholders of parent," the ultimate bottom line, as a second management indicator so that we can continually create value for shareholders and achieve a higher level of contributions. Specifically, the achievement rate of the results versus the initial budget is set as the coefficient. The achievement rate of the results versus the budget for FY2020 was 0.85. \*2. The "individual performance pay coefficient" is determined through an "individual performance evaluation" which evaluates achievement and contribution against the individual performance indicators of each director. Individual performance indicators measure degree of contribution to solving company-wide issues and departmental issues and are set for each director in the form of KPIs (Key Performance Indicators).



From FY2021 onward, in order to further clarify the direction of the Company, which is focused on continuous growth, we will add consolidated sales revenue, which is a measure of growth potential, and set indicators that can more complexly capture company performance, along with consolidated ordinary income to consolidated revenue and net income attributable to owners of parent.

### Short-term performance-linked compensation: Cash bonus

The cash bonus for a single fiscal year, which is short-term performance-linked compensation, is calculated using the formula shown below:

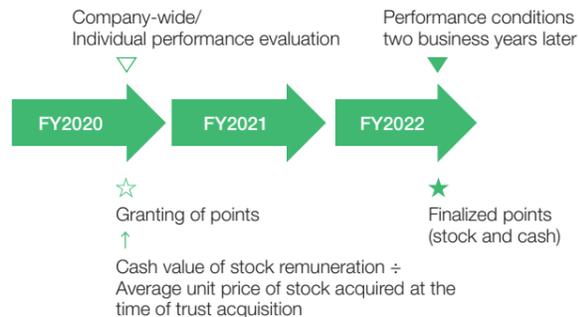
$$\text{Cash bonus} = \text{Total amount of performance-linked compensation for single fiscal year} \times \text{Percentage of total amount of performance-linked compensation accounted for by cash bonus}$$

### Medium- to long-term performance-linked compensation: stock compensation

Furthermore, we introduced a BIP trust in FY2020 as a medium- to long-term performance-linked compensation that is highly transparent and highly correlated to shareholder value. In the BIP trust, points are allocated by applying the average unit price of share acquisition at the time of trust acquisition to the amount equivalent to stock compensation cash determined based on the performance evaluation in a single fiscal year. This mechanism involves granting stock and providing cash decided according to the degree of achievement of the company-wide performance indicator (ratio of consolidated ordinary income to consolidated revenue) in two years' time where one point is converted to one share. Since stocks, instead of rights, will be granted directly to directors in the BIP trust, this will increase directors' motivation to create value for shareholders. We also expect the plan and its implementation to be easy to understand and transparent.

The cash value of the stock remuneration is calculated using the formula shown below:

$$\text{Cash value of stock remuneration} = \text{Total amount of performance-linked compensation for single fiscal year} \times \text{Percentage of stock remuneration in total amount of performance-linked compensation}$$



### Results of evaluation of the effectiveness of the Board of Directors

Since FY2016, the Company undertakes an annual evaluation of the effectiveness of the Board of Directors. In FY2020, we evaluated the effectiveness of the Board of Directors targeting the directors in October. An overview of the results is described below.

**1. Methods of evaluation**  
Conducted surveys of directors (31 items within 6 categories)  
The survey categories are as follows:  
(1) Design of the Board of Directors  
(2) Operation of the Board of Directors' meetings  
(3) Proposals by the Board of Directors  
(4) Quality of Discussions by the Board of Directors  
(5) Corporate Governance System  
(6) General Assessment

Questionnaire undertaken by each committee  
Discussions by the chair of the Board of Directors and external directors  
Deliberations by the Board of Directors taking the above into account

**2. Overview of results of evaluation**  
As a result of discussions that took the above into account, the Board of Directors of the Company concluded that the Board generally functioned in an appropriate manner in all categories from (1) to (6), and its effectiveness was fully secured.  
Areas suggesting a need for further improvement in the evaluation this time included "more exhaustive deliberation on important themes," "reporting the status of operations (setting agenda items systematically and in order of priority)" and "information provision on the Company and business in general." This evaluation asked each director's opinions on the themes that need to be deliberated at the Board of Directors meetings. Based on these opinions, the chair of the Board and external directors will discuss their ideas in striving to stipulate the main agenda items for the Board to deliberate and report on in the next fiscal year and create a detailed schedule of when to deliberate on these items. In addition, we will make improvements with regard to the provision of information about the company and business in general. We have established a place for external directors to meet aside from the Board of Directors meetings in order to close the information gap among external directors due to differences in their terms and roles, where we can disseminate information as a company as well as enable external directors to exchange information.  
There was feedback regarding development of a medium- to long-term succession plan for the Remuneration and Nomination Advisory Committee, as well as feedback for the Audit and Supervisory Committee to more actively and proactively exercise its authority beyond its protective functions. Our Board of Directors also recognizes these as issues to address and will work to solve them.  
We will seek to further improve board effectiveness in light of the results of the latest evaluation.

Furthermore, we plan to conduct a third-party evaluation on the effectiveness of the Board of Directors in FY2021.

### Initiatives to enhance the effectiveness of the Board of Directors

- Revision of the rules for the submission of proposals to the Board of Directors (transition to the Management Meetings)
- Making an annual schedule of proposals to the Board of Directors
- Providing external directors with prior explanations of proposals to the Board of Directors
- Organizing a study camp to examine the next Mid-Term Management Plan
- Sharing the matters deliberated in the Audit and Supervisory Committee Meetings with directors
- Holding meetings for external directors to share the matters deliberated in the Management Meetings
- Observation visit of business sites and overseas subsidiaries by external directors (remote visits included)
- Advanced disclosure of deliberation materials on the dedicated site for the Board of Directors
- Utilization of teleconferencing and written resolutions

### Strengthening group governance

In order to enhance the Group's finance and accounting governance, we established a Group-wide accounting, tax and financial management policy in FY2019.

We are dispatching finance and accounting personnel directly from the head office to major Group companies in order to ensure compliance with these policies.

Domain	Name	Main points
Accounting	Kagome Group Financial Reporting Standards (K-FRS)	● Conformity with IFRS
	Kagome Group Tax Policy	● Compliance with laws and regulations of each country and each region ● Prohibition of tax evasion and excessive tax avoidance
Finance	Kagome Financial Management Basic Policy	● Reduction of risk assets; maximization of capital and asset efficiency ● Risk management and prohibition of speculative financial transactions
	Kagome (Subsidiaries) Financial Management Basic Policy	● Same as above ● No holdings of financial products such as derivatives, in principle

### Cross-shareholdings

Our basic policy is to dispose of or reduce, as promptly as possible, the holding of shares considered insignificant. Each year, our company reviews the significance, economic rationality and other factors of cross-shareholding and determines whether or not to continue each holding and the number of shares to be held. The examination of economic rationality sets the value for each holding as of the end of the most recent fiscal year as the standard to calculate the percentage at which the holding contributed to the profit of the Company in such fiscal year. When such percentage is below a figure equivalent to approximately twice the average

ROA of the Company for the past five years on a non-consolidated basis, such shares are subject to review for sale. Also reviewed are shares whose market price has declined 30% or more from the book value and shares of a company with whom the Company has transactions amounting to less than 100 million yen per year. Shares that meet any of these criteria are subject to deliberation at meetings of the Board of Directors every year as to whether or not to sell them. As a result of the review, the Company sold some of its cross-shareholdings in FY2020.

### Response to the Corporate Governance Code

For details, please refer to our corporate governance report. (Kagome website: <https://www.kagome.co.jp/english/company/ir/esg/governance>)

## Compliance

### Revision of Code of Conduct

The world is seeing more severe problems in all aspects of society while Japan has been experiencing a super aged society and frequent natural disasters. In light of these, we revised our Code of Conduct last year with a view to realizing a sustainable society for Kagome's survival, looking to the environment that requires a "mutual support" spirit and framework.

The new Code of Conduct consists of three pillars: "mutual support," "respect for human rights" and "fairness," and it is considered pivotal for the daily activities of Kagome Group employees, indicating how they should behave as corporate citizens as Kagome set its sights on becoming a "Strong company capable of sustainable growth, using food as a means of resolving social issues" by 2025. We will seek to raise awareness of the revised Code of Conduct and maintain high ethical standards as we fulfill our social responsibilities in compliance with laws, regulations, international rules and the spirit of our Code of Conduct.

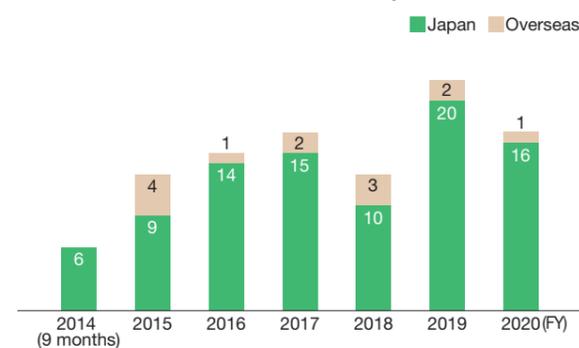
### Compliance promotion system

The Kagome Group has established a Compliance Committee, under the supervision of the Joint Risk Management Meeting chaired by Kagome's President. The Compliance Committee, which is chaired by the Executive Officer with responsibility for overseeing compliance, undertakes the 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 committee's secretariat, 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 (including harassment and corruptions such as bribery) 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 on the condition that they can be contacted by the hotline.

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

### Kagome Compliance Hotline

Number of consultations and reports received



cannot be identified, we share information internally so as to prevent similar incidents from occurring in the future. In FY2020, the Kagome Compliance Hotline was used 17 times, and each case was resolved.

Kagome fully recognizes the importance of compliance in relation to Group companies located overseas. In FY2014, an overseas internal reporting system was 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.

In the event of compliance-violation, we will endeavor to accurately gather the facts and investigate the root cause, and take the facts seriously and carry out strict actions to thoroughly prevent recurrence as well as appropriately discipline the employees involved in the violation.

In FY2020, there was no case leading to legal measures, such as bribery or corruption.

### Initiatives to maintain rigorous compliance

Having formulated the Kagome Group Compliance Implementation Rules, Kagome Group in Japan 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 in-house compliance training conducted on an ongoing basis using group training and e-learning for new employees and new managers that incorporate awareness raising, case studies, and group discussions.

In recent years, as an initiative for anti-corruption, which has become an important worldwide issue as indicated in the SDGs, we evaluated the bribery risks of overseas subsidiaries, and formulated the Kagome Group Corruption Prevention Policy to complement the Code of Conduct. In addition, in response to the expansion of business areas such as smart agriculture, we are reviewing the export control system in order to achieve an appropriate import & export control from a security perspective in terms of international peace and security maintenance. We strive to prevent corruption by conducting regular audits on the status of compliance and operation, with the monitoring results reported to the Board of Directors.

### Tax compliance

In all the countries and regions where it conducts its business operations, the Kagome Group observes and adheres to tax laws, maintains good relationships with tax authorities, and contributes to society by paying the appropriate taxes. We also respond in a timely and appropriate manner with regard to annual revisions to taxation systems and changes in international taxation rules, including tax treaties, conventions and OECD guidelines. Internally, we carry out regular e-learning and other training with regard to tax compliance, in order to heighten employees' awareness regarding observance of tax laws. With regard to transfer pricing taxation, we have established transfer pricing management regulations. For international transactions between companies belonging to the Group, we analyze the functions, assets and risks associated with each party in the transaction based on the arm's length price principle, and calculate appropriate profit allocations and transfer prices based on their respective contributions.

## Initiatives to Strengthen Internal Control

### Policies for handling risk

Kagome, as a "vegetable company" that 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. We are engaged in continuous risk management efforts in keeping with a company-wide approach to risk management (ERM: Enterprise Risk Management) to improve the efficiency of management decision-making with an eye on ESG.

### Company-wide risk management structure

Kagome strives to address compliance risks and operational risks after identifying the issues faced by each individual department. Also, in terms of company-wide risk management, we are seeking to create an enhanced risk management structure and have established five specialized committees which handle issues that are viewed as being particularly important for a food products company. We have also established the Joint Risk Management Meeting chaired by the President, as an overall risk management structure. The meeting is attended by the Senior Managing Executive Officer(s), standing Audit and Supervisory Committee member(s) and Managing Executive Officer & Chief Human Resource Officer, and also includes other Audit and Supervisory Committee members who are external directors in its membership, enabling the meeting to obtain objective assessments from an outside perspective. The meeting endeavors to maintain a detailed grasp of the state of risk response across the entire Kagome Group and to make improvements that will enable swifter decision making with regard to risk response policies and significant risk response issues. The Joint Risk Management Meeting meets on a regular basis to receive reports and suggestions from each committee and relevant departments on day-to-day social events, their impact on the Kagome Group and responses to such issues, and to discuss and instruct on necessary responses. In addition, in order to improve effectiveness of internal control, details of the instructions are utilized in monitoring by the Internal Audit Department, and the results of the monitoring are reported to the Board of Directors and the Audit and Supervisory Committee.

### Compliance Committee

The Compliance Committee is a corporate body to promote compliance within the 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 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. The 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 systems.

### Quality Assurance Committee

To ensure customers enjoy 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 Kagome 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, we engage in research activities toward elucidating 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 violations when product efficacy and safety verification testing on humans is 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 ethical adequacy and scientific legitimacy of research objectives and methods.

### Investment Committee

We are working on various business developments in order to transform ourselves 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. The committee was established for the purpose of assessing the profitability and risks of investments drafted by each department and monitoring investment returns. Proposals which are verified by this committee are submitted to the Board of Directors or the Management Meetings, where they are deliberated officially.



## Kagome's Management

### Leveraging the “Three Lines of Defense” model and the COSO Framework

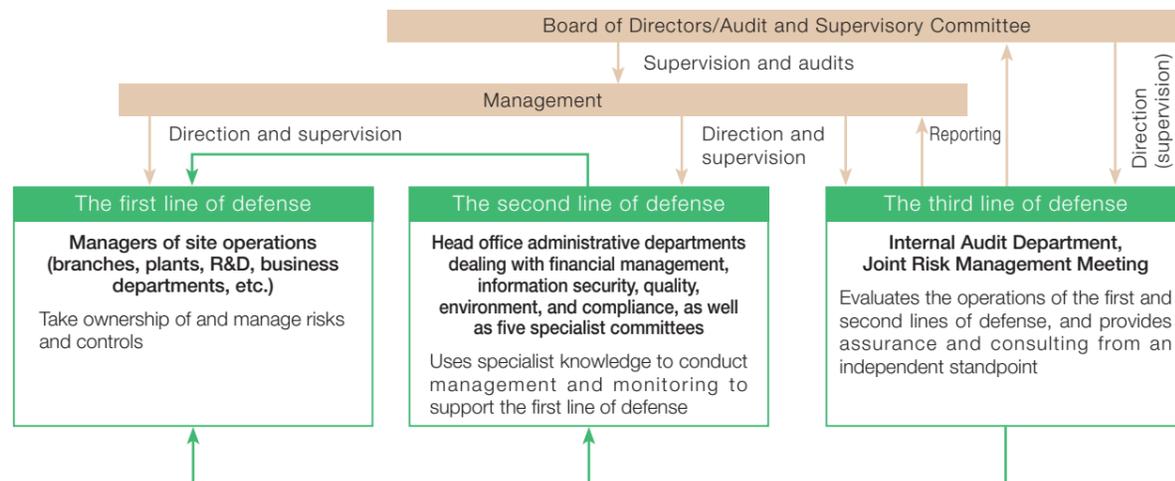
The Kagome Group leverages the internationally recognized “Three Lines of Defense” model and COSO Framework for internal control since it is expanding business domains and also broadening its operations globally to achieve the targets of the Mid-Term Management Plan. This approach enables us to systematically implement initiatives accordingly.

Under the “Three Lines of Defense” model, management at Kagome’s business sites (branches, plants, etc.) and subsidiaries that engage in day-to-day business activities is positioned as the first line of defense. This involves department managers at each business site introducing and implementing controls (segregation of duties, rules, documentation, etc.) to address various risks related to business execution. The head office departments responsible for financial management, quality, environment and so forth that oversee these activities serve as the second line of defense. They use their specialist knowledge to conduct supervision and regular monitoring of the first line of defense. In addition, the Internal Audit Department, which is an organization under the direct supervision of top management,

maintains its independence and objectivity as a third line of defense, providing assurance to management by conducting regular internal audits of the first and second lines of defense. It also draws on its specialist knowledge to provide consulting services to the first and second lines of defense upon request.

Internal audits by the third line of defense are conducted in line with the four objectives of the COSO Framework. We conduct J-SOX audits in collaboration with an external audit corporation concerning the first two objectives of (i) reliability of financial reporting and (ii) safeguarding of assets, while we conduct operational audits with respect to the final two objectives of (iii) compliance with applicable laws and regulations and (iv) effectiveness and efficiency of operations, based on our internal auditing standards. For overall improvement in (i) through (iv), it is important to encourage ethical behaviors on the part of all employees. This is why we also carry out various internal awareness-raising campaigns, by such means as social media and surveys, throughout the year.

#### ■ Kagome’s “Three Lines of Defense” model



### BCP-driven initiatives for the supply chain

Kagome sustained significant damage from the Great East Japan Earthquake. As a result, like many other companies, we are working to strengthen company-wide communication infrastructure in the event of large-scale disasters or other contingencies. 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 we occupy an integral part of the lifeline of food. Based on the lessons learned 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). First actions from the time of occurrence of large-scale disaster until the time of assembling the in-house Disaster Countermeasures Center headed by the president according to BCP<sup>\*1</sup> are determined

by management based on a consensus reached among relevant departments. In accordance with the guidelines, in the event of a disaster a distribution network is established under the SCM Division to achieve the quickest possible restoration of product supply. Development of BCM<sup>\*2</sup> on a global scale in cooperation with overseas locations represents a next step for the future although we may face difficulties due to the difference in laws and regulations by country and other issues.

In addition, we established the Basic Policy on Kagome’s Response to COVID-19, in order to quickly respond to changes in the social environment taking place due to the pandemic. Under this policy, we are working to fulfill our responsibilities for employee safety and supplying products to customers.

<sup>\*1</sup> BCP: Business Continuity Plan  
<sup>\*2</sup> BCM: Business Continuity Management

## Our Responsibility to Shareholders and Investors

### Information disclosure

Kagome discloses information to shareholders and investors in a fair, simple and timely manner. We attach great importance to opportunities for two-way communication with shareholders and investors through IR events such as the General Meeting of Shareholders, Talks with the President, and production plant tours, among others.

### General Meeting of Shareholders

Our company encourages all shareholders to participate in its General Meeting of Shareholders. This is achieved by enhancing the content of the convocation notice and documents accompanying the convocation notice, disclosing them on the company website and sending them as early as possible. These also feature messages from directors and recommendations from external directors. On the actual day of the meeting, we make efforts to provide reports in an easily understood manner, such as through the Chair’s explanations and visuals. For shareholders who are unable to attend meetings, we accept questions and provide answers via the Internet. The 77th General Meeting of Shareholders was live streamed for shareholders who could not attend the meeting in person to access the event live.

After the meeting, we promptly disclose details on our website, including Q&A sessions and results of questionnaires completed by shareholders who attended the meeting.



### Management oversight

Kagome recognizes that management oversight is enhanced through feedback on corporate activities and business performance from the perspective of numerous shareholders. As such, in 2001, we began working to attract 100,000 Kagome Fan shareholders. This initiative drove shareholder numbers past the 100,000 mark on September 30, 2005. Today, the number of shareholders stands at around 180,000. We will continue to appropriately reflect the valuable opinions and needs of our shareholders in all our corporate activities.

### Dividends for FY2020 and FY2021

Kagome recognizes that returning profits to its shareholders is one of its most important tasks of management.

Our policy on shareholder returns aims for a total return ratio of 40% based on consolidated business performance during the Mid-term Management Plan for the three-year period from FY2019 to 2021. At the same time, we have committed to providing a stable cash annual dividend of at least 35 yen per share during the period.

For FY2020, we paid out a dividend of 36 yen per share. In addition, for FY2021, we plan to offer a dividend of 37 yen per share.

### Special shareholder benefits

Kagome has established a Special Shareholder Benefits program that sends out Kagome products to shareholders throughout Japan. Unlike shareholder returns, the program’s main aim is to use Kagome products to provide shareholders with a better understanding of the company. Products are accompanied each time by a questionnaire which helps us to understand shareholders’ views and expectations; information which can then be utilized effectively in our business activities. In 2019, we launched a new program whereby we present commemorative gifts to shareholders who have owned our shares for 10 years or longer, with the aim of encouraging a buy-and-hold relationship with shareholders.

### Credit ratings

Kagome has received the following credit ratings from Rating and Investment Information, Inc. (R&I) and Japan Credit Rating Agency, Ltd. (JCR).

**R&I (Rating and Investment Information, Inc.)**

Long-term credit rating

**A**

**JCR (Japan Credit Rating Agency, Ltd.)**

Long-term credit rating

**A**

Short-term credit rating

**J-1**