

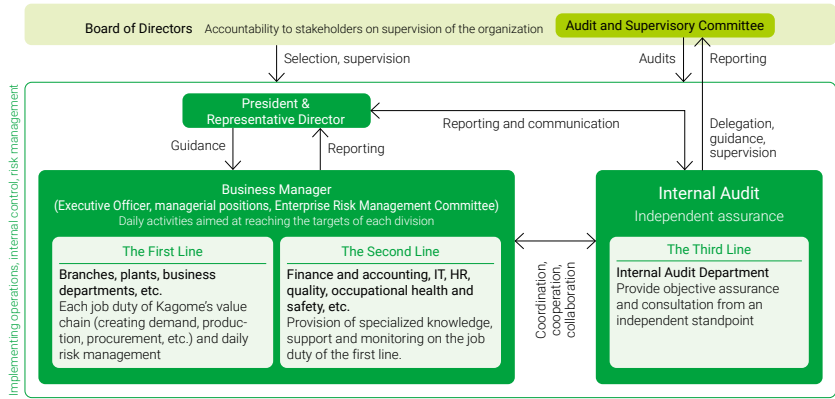
Internal Control

Initiatives based on the Three Lines Model

The Kagome Group conducts measures across the entire Group following the Three Lines Model as a global standard for internal control aimed at expanding its businesses in Japan and overseas to realize its Mid-Term

Management Plan. This initiative aims to utilize a mutual check within the organization by separating and allocating functions appropriately to individual departments without overlap and enable optimal response for the entire company by clarifying the responsibility of each job function.

Three Lines Model



The First Line is responsible for creating demand, production, procurement, primary processing, cultivation, research and development, and developing plant varieties, etc. in Kagome's value chain, namely the frontline of the field. The First Line conducts risk management in daily business activities by assessing the various risks in the execution of job duties at each business site, and implementing an appropriate controlling mechanism for these activities (segregation of duties, rules, documentation, etc.). It also incorporates necessary management systems, such as FSSC 22000 for quality and ISO 14001 for environment, for daily implementation on the first line at each business site.

The Second Line is a specialized organization that oversees finance and accounting, IT, HR, quality, occupational health and safety, etc. and provides daily support while monitoring the duties of the First Line. The Finance & Accounting Department, Information Systems Department, Human Resources Department, Quality Assurance Department, etc. have been established as the departments in charge of the Second Line. Additionally, the Enterprise Risk Management Supervisory Committee implements systematic risk management for the entire company.

The Third Line comprises of the Internal Audit Department, which provides objective assurance (organizational diagnosis through audits) and consulting services from a standpoint that is independent of the First and Second Lines. The Internal Audit Department serves as an organization that adds value to the achievement of Kagome's organizational targets, and needs to have an

organizational independence. As such, it has a double reporting line to the president and the Audit and Supervisory Committee. It promotes improvements within the Group by providing audit reports that present various points of improvements within the organization to the departments under audit, the management, and Audit and Supervisory Committee. The assurance includes internal audits conducted in response to internal risks and activities under the Internal Control Report System stipulated by the Financial Instruments and Exchange Act (J-SOX). In addition, it provides consulting services based on its specialized knowledge upon request from the First or Second Line. It provides advice and training in response to inquiries and requests from dozens of business managers annually.

Internal Control of the Kagome Group as a whole not only depends on the top management, but also requires practice of ethical behaviors from each and every employee in all three lines on a regular basis. For this reason, the Internal Audit Department disseminates information for promoting the internal awareness of all employees throughout the year, as well as annual internal control self-assessment targeting all employees in monitoring changes in awareness and behavior of Kagome's employees. The results of this check are also used in the audit plan for the same fiscal year.

For details on our compliance and internal control, refer to our website. <https://www.kagome.co.jp/english/csr/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, financial results briefing, Talks with the President, and production plant tours, among others.

General Meeting of Shareholders

We encourage all shareholders to participate in its General Meeting of Shareholders. This is achieved by disclosing on the Company's website and sending out as early as possible the content of the convocation notice and documents accompanying the convocation notice. On the actual day of the meeting, we provide visual presentations of the Chair's explanations and videos in an effort to make the reports easy to understand. Furthermore, we stream the meeting live online so that shareholders who are unable to

attend may listen in. After the meeting, we promptly disclose details on Q&A sessions and results of questionnaires. In this manner, we are working to enhance and expand communication with shareholders.

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 200,000. We will continue to appropriately reflect the valuable opinions and needs of our shareholders in all our corporate activities.

Compliance

Revision of Code of Conduct

In recent years, the world is seeing more severe issues in all aspects of society while Japan has been experiencing a continuous super aged society and frequent natural disasters. In light of these, we revised our Code of Conduct 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 Enterprise Risk Management Committee 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 Meeting via the Enterprise Risk Management Committee. The Legal Department, which functions as the committee's secretariat, plays the central role in day-to-day compliance operations. Kagome established the Kagome Compliance Hotline at an outside law firm, 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.

Kagome takes steps to protect the privacy of employees who make reports to ensure that these employees do not suffer any adverse consequences. We quickly conduct investigations based on the information received and take appropriate countermeasures. In such cases, respecting the principle that whistleblowers and other related parties cannot be identified, we share information internally so as to prevent similar incidents from occurring in the future. In FY2023, the Kagome Compliance Hotline was used 25 times, and each case was resolved.

Kagome fully recognizes the importance of compliance in relation to Group companies located overseas. 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.

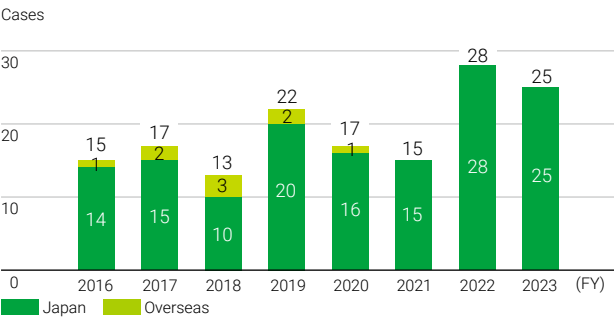
We will continue to strive to prevent and rapidly identify infringements through the appropriate operation of these systems.

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 FY2023, there was no case leading to legal measures, such as bribery or corruption.

Kagome Compliance Hotline

Number of Consultations and Reports Received



Initiatives to maintain rigorous compliance

Having formulated the Kagome Group Compliance Implementation Rules, the Kagome Group in Japan implements thorough compliance throughout the Group. At domestic Group companies, the Legal Department, which serves as the secretariat of the aforementioned Compliance Committee, leads these efforts. Compliance implementation activities involve not only the preliminary checks in compliance-related cases and the dissemination of compliance-related information, including bribery prevention and consideration of human rights, 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 conducting reviews on 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.