



The Kewpie Group  
Integrated Report

2021

kewpie   
love around the kitchen table

## Corporate Philosophy of the Kewpie Group

### Corporate Motto

“RAKU-GYOU-KAI-ETSU”

### Corporate Principles

- “Act on Moral Principles”
- “Strive for Originality and Ingenuity”
- “Look After Parent’s Well Being”

### Words to remember: “The world is fairer than you imagine”

Toichiro Nakashima (Founder) was deeply impressed by the following words that he encountered in his younger days: “It may seem that the lazy and sly get ahead in the world. However, the world is actually a place where the people who strive in sincerity and earnestness are the winners in the long run.” He held the belief that “the world is fairer than you imagine.” When faced with difficulties, Toichiro would consider what was true and what was right, and always strove for originality and ingenuity. Throughout his life he continued to show gratitude toward all those who helped him. These words inherited from Toichiro were included in the Kewpie Group corporate principles up to 1992.

### Our Ideal

We aim to be a group contributing to the food culture and health of the world through “great taste, empathy, and uniqueness.”

## The Kewpie Group Policies

Guided by the corporate philosophy that draws on its Corporate Motto and Principles, Kewpie has put in place the Group Policies that embody the Group’s commitment to earning the highest degree of trust from its stakeholders, including customers, shareholders, business partners, employees, and society, who provide the underlying strength for all of its business activities.

### Code of Ethics

(Our responsibilities as a corporate citizen.)

#### Respect for the Law

We comply with the laws, regulations and social norms of our own and other countries, as well as our internal company rules, and conduct our corporate activities in an ethical manner.

#### Respect for Human Rights

We respect human rights and never engage in discrimination or harassment based on race, nationality, religion, gender, age, or mental or physical disability.

#### Fair and Sustainable Corporate Activities

We engage in free and fair competition, building transparent and stable relationships with business partners, shareholders, investors, and governmental organizations.

#### Commitment to Information Security

We protect and do not allow the misuse or wrongful disclosure of the personal or confidential information of our customers, clients, and employees.

#### Rejection of Antisocial Forces

We take decisive action against antisocial forces which disrupt or threaten public law and order, ending all relations with them.

### Code of Conduct

(What we must do to enhance the prominence of the Kewpie Group.)

#### Put Product Quality First

We rise to meet the trust placed in us by our customers, producing safe and reliable products and focusing on quality in all of our actions.

#### Promote Diversity

We respect the individuality and aspirations for growth of each and every one of our employees around the world, allowing them to perform to their full potential.

#### Contribute to Society through Nutrition Education

We contribute to society through the advancement of nutritional education, promoting healthy lifestyle choices and working in harmony with local communities and society as a whole.

#### Protect the Earth’s Environment

We appreciate the blessings of nature and promote a sustainable society for future generations by effectively utilizing resources and preserving the environment.

#### Accept New Challenges

We drive growth of the company and the individual by continuing to accept new challenges and also by learning from previous lessons.

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### Editorial Policy

In putting together the Integrated Report 2021, the Kewpie Group hopes to deepen the understanding of all stakeholders, including its shareholders and investors, regarding efforts to create value over the medium to long term. The Integrated Report 2021 therefore provides an overview of the Group’s business as well as comprehensive strategies and plans aimed at creating corporate value.

The Report also summarizes matters of a material nature that underpin the Group’s efforts to create corporate value. All other information, including details of the Group’s financial results and position, social and environmental initiatives, products, and businesses can be found on its corporate website.

### Period Covered by the Report

The Report covers the 12-month period from December 2019 to November 2020. Past background information and data as well as recent examples of the Group’s activities that fall outside the period covered have also been included when considered appropriate.

Figures indicating projections for FY2021 were released on January 7, 2021.

### Forward-Looking Statements

The forecasts and forward-looking statements contained in this Integrated Report 2021 are based on information available as of the date of publication and on certain assumptions deemed rational. These forecasts also include certain probable uncertainties.

Actual performance, etc., could differ greatly from forecasts due to a variety of factors including changes in business conditions.

Note. Throughout this report, fractional amounts less than the indicated unit have been discarded. However, monetary figures in billions of yen, as well as percentages, have been rounded to the nearest fractional unit.

### Website

The Kewpie Group posts a wide range of information from a variety of perspectives on its website.



#### IR Information

▶ <https://www.kewpie.com/en/ir/>



#### Sustainability

▶ <https://www.kewpie.com/en/sustainability/>



#### Recipes/Products

▶ <https://www.kewpie.co.jp>  
(In Japanese only)

## Message from the President

We will transition to a structure that realizes sustainable growth, with an emphasis on the aspiration for “love around the kitchen table.”



### Osamu Chonan

Representative Director  
President and Chief Executive Corporate Officer  
Kewpie Corporation

#### Introduction

Our lifestyles have been substantially affected by COVID-19. I would like to express my gratitude, and deeply thank everyone involved in healthcare, as well as the many who are committed to preventing the spread of infections.

During reconstruction after the 1923 Great Kanto Earthquake, our founder, Toichiro Nakashima, observed a changing of lifestyle with one example being the westernization of female students' clothing. He sensed that change would come to the Japanese diet as well, and in 1925, launched Kewpie Mayonnaise, a highly nutritious mayonnaise made using only egg yolks. His ambition was “to help improve the physiques and health of Japanese people by making delicious, nutritious mayonnaise so widely available that it became a daily necessity.” We will continue to cherish this wish as we aim to become a group contributing to the food culture and health of the world through the value of salads and eggs.

#### Business Environment Surrounding the Kewpie Group

Our previous Medium-term Business Plan launched in FY2019 targeted growth through the fusion of three businesses: Condiments and Processed Foods, Salad and Delicatessen, and Egg. However, customer purchasing behaviors changed more quickly than anticipated, a trend accelerated by the spread of COVID-19, substantially impacting business performance. In light of this environment, by accelerating discussions on the ideal way of sustainable growth for the future, we were prepared to transform our corporate structure. We decided to stop the Medium-term Business Plan in the second year and formulate the new Medium-term Business Plan. At the same time, we revised our domestic organizational structure from a product-based to a market-oriented structure.

#### FY2021-FY2024 Medium-Term Business Plan

Under the theme of “Transition to a structure that realizes sustainable growth,” the new Medium-term Business Plan aims to create a structure that will remain steadfast amid changes. We will promote initiatives based on three policies: “Strengthening our profit structure and creating new dietary lifestyles,” “Redoubling efforts involving society and the global environment” and “Developing a framework for empowering a diverse range of talent.”

#### (1) Strengthening Our Profit Structure and Creating New Dietary Lifestyles

Positioning overseas developments as a driver of our growth, focusing on China and Southeast Asia, we aim to increase annual net sales by 10% or more and raise the overseas sales ratio from 12% in FY2020 to approximately 20% in FY2024. The mainstay product Deep-roasted Sesame Dressing is sold in more than 40 countries around the world and has a strong reputation in all areas. The value of mayonnaise, which is familiar in Japan, is also on the rise, thus we have positioned both as global strategic products. We want to leverage proposal capabilities cultivated in Japan to expand products and menus tailored to each country.

In Japan, we revised our core structure to focus on two market segments: Retail Market and Food Service Market. In each market, we will flexibly combine personnel, technologies, information, sales channels and a variety of other group resources to quickly formulate proposals in line with a diverse array of needs. Furthermore, we will develop new sales channels and cultivate demand in line with customer changes and, in order to boost these movements, we will achieve customer success through the utilization of interactive digital technologies to communicate with customers.

#### (2) Redoubling Efforts Involving Society and the Global Environment

Until now, the Kewpie Group has provided products that meet customer needs in line with lifestyle diversification and changes in the social environment, such as falling birthrates and the aging of society, as well as the effective use of resources and environmental conservation activities in consideration of treating limited resources with care. In recent years, various issues have arisen due to rapid changes in society and the global environment, and we will make greater efforts to address these issues.

We will continue to support healthy dietary lifestyles suitable for each generation, from children and adults to seniors, with the aim of contributing to being healthy both in mind and body through life.

Regarding environmental initiatives, we began making use of eggshells in the 1950s and today, we have realized a 100% recycling rate. We also expanded these efforts to vegetables such as cabbage, one of our main raw materials, which involves fermenting unused cabbage for use as cattle feed and fertilizer. Going forward, we want to work with business partners on the effective use of food resources throughout the entire supply chain.

We will strengthen efforts to achieve our sustainability targets which we revised when formulating our new Medium-term Business Plan so that we can leave a better society and global environment to the children who will create tomorrow.

#### (3) Developing a Framework for Empowering a Diverse Range of Talent

As the environment surrounding the Kewpie Group is changing more rapidly than ever before a combination of different types of wisdom and a variety of experiences and knowledge is indispensable for sustainable growth. We are increasing the mobility of personnel to broaden perspectives and cultivating personnel able to transform change into opportunity. We will also provide opportunities for independent learning in line with individual career plans and promote the development of an environment in which employees can make the most of their abilities. The Kewpie Group will develop a framework able to sustainably create value by combining different perspectives, opinions, skills and experiences.

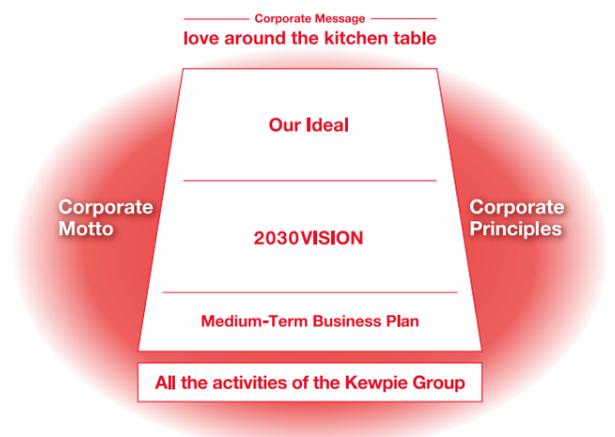
We are making a sincere effort to cherish our corporate philosophy. Our corporate motto, “RAKU-GYOU-KAI-ETSU” truly demonstrates that we will realize our purposes while recognizing diversity, and we believe that promoting diversity is deeply linked to the implementation of our philosophy. We believe that each and every employee deeply understands the significance of promoting diversity in The Kewpie Group's unique way, and this understanding will be the driving force propelling our sustainable growth.

#### My Aspiration for “love around the kitchen table”

Thinking about the Japanese dietary lifestyles when Kewpie was founded more than 100 years ago, bowls of rice, miso soup, grilled fish and pickled vegetables on the dining table come to mind. We are proud to have contributed to a healthy diet by expanding the dietary culture of eating raw vegetables with mayonnaise and dressing and, by refining our egg processing technology, we have been able to deliver unprecedented fresh taste and enrich the dietary culture.

We will continue to communicate the great taste and appeal of salads and eggs to customers, contributing to the creation of a healthy food culture suited for each country. We regard salads as a menu to have a lot of delicious vegetables and, by increasing proposals using vegetables in all types of cooking, we will expand “salads” and contribute to increase vegetable consumption. In addition, we are promoting the development of retail market egg products leveraging technologies cultivated for food service market products so that eggs containing high-quality protein can be eaten more deliciously and easily.

We are broadly and deeply involved in home-cooked meals, ready-made foods and restaurants, as well as intimately connected to food throughout people's lives, from baby foods to meals for nursing care. This is why we want to convey the aspiration for “love around the kitchen table” to our customers. We believe that we still have a lot to offer to our customers in all aspects of food, from menu creation and ingredient selection to preparation, mealtime and cleanup. We will put love into all our products and activities, including our commitment to raw materials and quality, to earn the trust and empathy of customers around the world in an effort to ensure the Kewpie Group continues to be our customers' brand of choice.

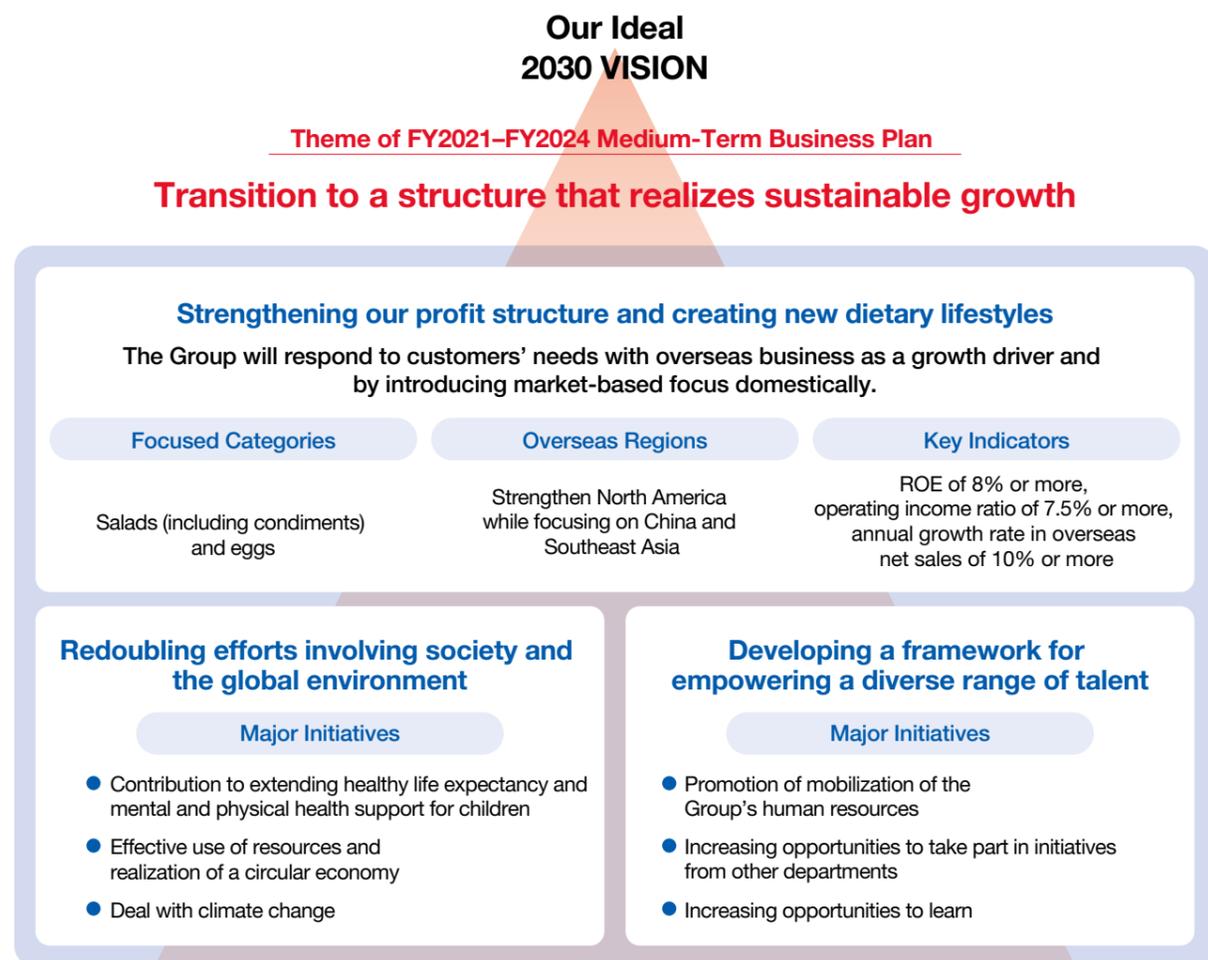


Overview of Philosophy, Vision and Corporate Message

# FY2021–FY2024 Medium-Term Business Plan

Under the theme “Transition to a structure that realizes sustainable growth,” the newly launched Medium-term Business Plan will promote business activities targeting the “2030 Vision,” which depicts the ideal form in 2030, and further ahead, “Our Ideal.”

## FY2021–FY2024 Medium-Term Business Plan Group Management Policies



## FY2021–FY2024 Medium-Term Business Plan Management Indicators

	FY2020 Results (after retrospective adjustments)	FY2024 Target	Purpose of Each Indicator
ROE	4.8%	<b>8% or higher</b>	To improve profit rate and capital efficiency rate for the long term
Operating income ratio	6.5%	<b>7.5%</b>	To strengthen the system by focusing resources in carefully selected areas in Japan and controlling costs, and to expand revenue overseas
Growth ratio in overseas net sales (local currency basis)	(YoY) +3.8%	<b>(annualized) 10% or higher</b>	To achieve growth in China and Southeast Asia as well as North America

Notes: •The FY2020 results provided as reference are the figures after retrospective adjustments, excluding the distribution business.  
•Growth ratio in overseas net sales does not include results of Egg Business in North America.

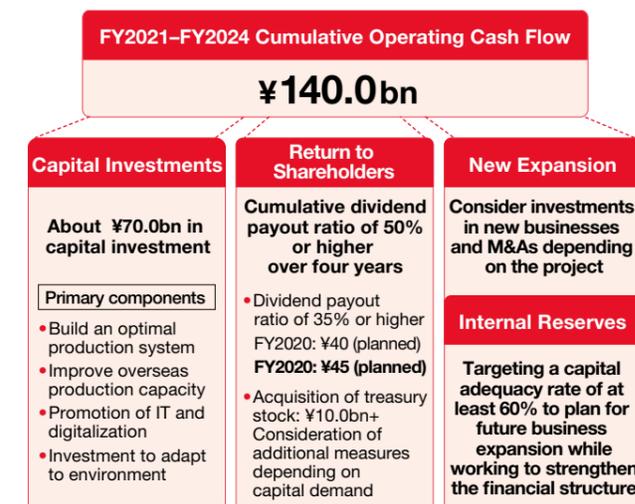
## Cash Flow Allocation

We plan to achieve cumulative operating cash flow of ¥140 billion over a four-year period through our efforts to transition to a structure realizing sustainable growth.

We will reduce the capital investment ratio compared to the previous Medium-term Business Plan, setting capital investment at approximately ¥70 billion, which will be appropriately allocated to priority areas.

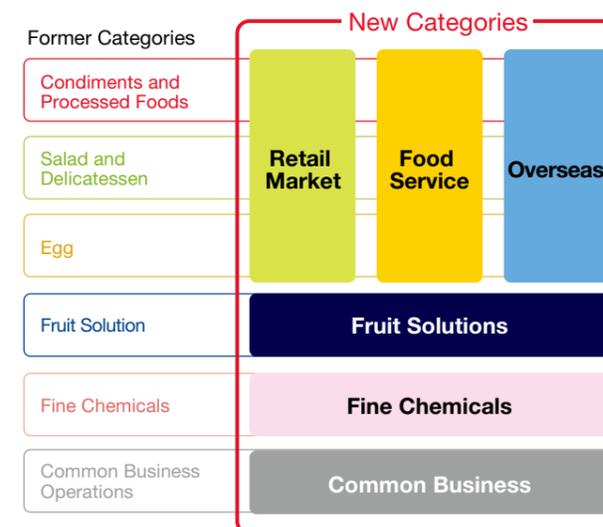
Dividends are the top priority when it comes to shareholder returns. In the new Medium-term Business Plan, we aim for a cumulative rate of return of 50% over the cumulative four-year period on the basis of dividends amounting to ¥45 or more.

Regarding internal reserves, we will aim for an equity ratio of 60% or more in order to prepare for future business development while strengthening our financial position.

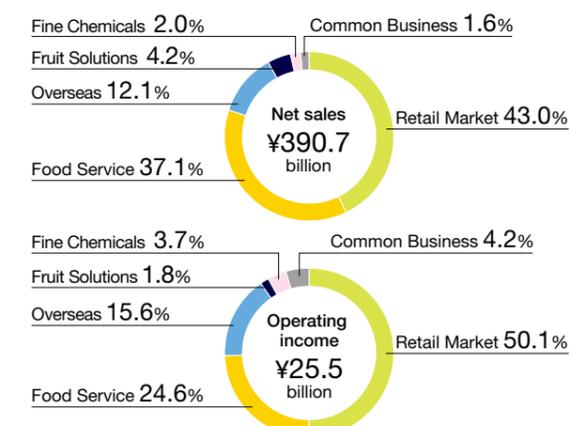


## Segment Overview

<b>Retail Market</b>	This segment produces a variety of food products for household use, including mayonnaise, dressings, pasta sauces, baby foods, nursing care foods, packaged salads and delicatessen foods, and sells these products to consumers at supermarkets and drugstores, and through EC sites. By meeting diverse needs for food amid changing lifestyles through the creation of new products and services, we will contribute to the realization of a healthy and affluent dietary lifestyle for our customers.
<b>Food Service</b>	This segment produces and sells a wide range of food products for use in restaurants, hotels, bakeries, delicatessens and convenience stores from ingredients including liquid eggs, frozen eggs and vinegar used in a variety of foods such as processed foods including condiments, cooking sauces, omelets and egg salads. By developing products and menus and proposing solutions for professionals, we will create new dietary scenes and food trends with our customers.
<b>Overseas</b>	In China, Southeast Asia, North America and Europe, this segment mainly produces and sells condiments including mayonnaise and dressings. Making full use of our quality and menu proposal capabilities cultivated in Japan, we are creating and popularizing new food cultures in each region to become a group contributing to the food culture and health of the world.
<b>Fruit Solutions</b>	This segment produces and sells jams and spreads for household use and processed fruit products for industry use. This segment will further develop our ability to procure fruit materials, as well as our fruit processing and preservation technologies, which have been refined through the production of the orange marmalade that is the root of our business today. We will make proposals so that people can enjoy fruit even more.
<b>Fine Chemicals</b>	Utilizing unique materials and technologies, this segment produces and sells hyaluronic acid and egg yolk lecithin as an ingredient for pharmaceuticals, cosmetics and foods. This segment will also strive to create further added value by applying these ingredients to our own nutritional supplements and skin care products.
<b>Common Business</b>	This segment consists of sales of food manufacturing equipment and has companies engaged in work for the entire Group, such as accounting and labor affairs for Group companies, as well as the hiring of handicapped people.



## FY2020 Net Sales and Operating Income Composition



Notes: •The operating income composition ratio is presented excluding unallocated corporate expenses of ¥6.1 billion.  
•Figures are after retroactive adjustment and exclude the distribution business.



**Nobuo Inoue** Director, Executive Corporate Officer  
Kewpie Corporation

## Toward the Sustainable Creation of Value



**Chieko Matsuda** Professor, Graduate School of Management,  
Faculty of Economics and Business  
Administration at Tokyo Metropolitan University

Under the newly launched Medium-Term Business Plan, the Kewpie Group has shifted the focus of group management from products to markets. Professor Chieko Matsuda, who specializes in corporate strategy and is a member of our Management Advisory Board, and Director Nobuo Inoue engaged in a dialogue on the theme of corporate management that maximizes Group capabilities and continuously creates value.

### Launch of the New Medium-Term Business Plan

**Inoue:** As the environment surrounding the Kewpie Group is changing drastically, we decided to stop the previous Medium-term Business Plan in the second year and formulate the new Medium-term Business Plan with the theme of “Transition to structure that realizes sustainable growth.” Assuming that events with massive social and economic impacts similar to COVID-19 will occur again in the future, we aim to establish a corporate structure that will remain steadfast even under such conditions. Furthermore, as changes in customer purchasing behaviors and lifestyles including dietary habits are accelerating due to COVID-19, we determined that it would be difficult to respond to changing markets with a conventional product-based business structure. Accordingly, we transitioned the domestic business structure to a market-oriented business structure that invests the Group’s diverse array of management resources in two markets: Retail Market and Food Service Market.

**Matsuda:** Amid drastic changes in market environments and macro trends, launching the new Medium-term Business Plan can be seen as “positive” in that the Kewpie Group was able to transform COVID-19 into a business opportunity. It is not easy to change business models, but I think, due to COVID-19, the new Plan can be understood by customers, employees, shareholders and other stakeholders as reasonable measures. While leveraging our strengths in home-cooked meals, ready-made foods and restaurants, it is important that we quickly grasp and respond to various points of change beyond these areas in order to achieve growth.

**Inoue:** Rather than making only short-term adjustments just to get through COVID-19, we must make full use of management resources while exploring new possibilities beyond conventional domains to achieve sustainable growth. To link the indicators with the transition to a new structure, rather than making the conventional pinpoint sales and profits

targets, we use the following three targets as management indicators: ROE to measure capital efficiency, the operating income ratio to measure profitability and productivity, and the overseas sales growth rate to look at growth indicators.

**Matsuda:** These three indicators are terribly important. Even the Corporate Governance Code, which will be revised this year, also recommends further promotion of capital cost management. Instead of the emphasis on P/L such as sales and profits, there is an increasing demand for managing the business portfolio from the perspective of capital cost, which is the risk and return on investment. If the concept of capital efficiency, which is indispensable for managers, was inculcated among all employees, and each one became independent and self-motivated, this should contribute to the sustainable growth. At the same time, thinking solely about capital efficiency is not enough—we must also think about growth. The Kewpie Group pursues growth overseas, but I think we can also expect growth in Japan as the feelings surrounding food have changed among many Japanese consumers under COVID-19. Although the Kewpie Group is widely known for mayonnaise and dressings, the Kewpie Group is also engaged in a wide range of other businesses. It is important to allocate management resources and engage in portfolio management while keeping an eye on capital efficiency in business, products and research—in other words, if it sells, grow it. If it doesn’t sell, quit. And always be thinking of what’s up next.

**Inoue:** In terms of resource allocation, we will continue to promote overseas investment, while curbing capital investment in Japan and carefully selecting investments in IT systems in an attempt to optimize investments. By FY2023, our IT core system will be upgraded, improving productivity through operational efficiencies and flexibility, while at the same time, in marketing, we hope to build two-way relationships with our customers.

**Matsuda:** In Japan, “digital transformation (DX) strategy” has become a buzzword, but rather than simply

introducing IT as the primary objective, we must use IT to transform the way we do business and be certain to make investments with this as the clear purpose. In marketing DX, it is becoming more important to analyze and understand statistics that go further than simply grasping customer purchasing behaviors. Going forward, human capital strategies, including employee work styles and training methods, are likely to undergo dramatic and disordered changes.

**Inoue:** With regard to human capital, we emphasize diversity and have begun conducting meetings in which more than 20% of attendees at important meetings possess different skills, are of different ages and represent both genders.

**Matsuda:** Some research indicates that the balance of ages that make up the meeting has an impact on a company’s investment stance. It is very important to promote diversity from various perspectives, including gender and mid-career hires, and to incorporate different ideas. When the ratio of mid-career hires to all other employees exceeds 20%, it appears that in some cases a variety of changes can occur quite rapidly, so I think that you will continue to be aware of this.

### Group Management Based on Our Corporate Philosophy

**Inoue:** The Kewpie Group owns a large number of offices, plants and other sites and group companies for the scale of the Group, because of the wide range of product development areas, temperature ranges, delivery methods, and destinations. Accordingly, we have always engaged in group management by asking ourselves what we should do in light of our Corporate Philosophy (see page 1), which is the Group’s linchpin. With this as our premise, we aim to increase management speed, by increasing opportunities to communicate the thoughts and policies of the management team to the Group’s employees, and striving to enhance transparency, including sharing the process and background of discussions underlying various group management decisions with the Group’s leaders. Important projects affecting the entire group are discussed by a committee comprising members from multiple areas and approved by the person in charge.

**Matsuda:** The most important thing for the artificial organization known as a company is to promote group management centered on principles everyone will protect, in other words, the group’s philosophy. Personally, I greatly respect “RAKU-GYOU-KAI-ETSU”, which is at the heart of the Kewpie Group Philosophy. I think the promotion of group management based on this philosophy is the Kewpie Group’s biggest strength. It is often said that Japanese companies have a strong tendency to conceive of the company as “boxes,” and they are good at doing things on the basis of “boxes,” but they are not very aware of the connections between “boxes.” At the Kewpie Group, which develops business in a wide range of areas, it is

very important to discuss issues consistently as a unified group rather than as individual “boxes,” thus the three just mentioned: leadership and communication opportunities at the top, improving transparency and making decisions that utilize cross-organizational functions are important. At the same time, in line with enhancing business management and in addition to the aforementioned three points, I think the point is that we should value the outward forces that enable us to move independently and quickly while strengthening the inward forces rooted in our Corporate Philosophy to build a mechanism enabling real-time management of business conditions in a technical sense.

### Promoting Sustainability

**Inoue:** From the perspective of sustainability, the Group has established three material issues in conjunction with the SDGs: “Contributing to food culture and health” “Effective use and recycling of resources” and “Deal with climate change”.

**Matsuda:** For the Kewpie Group, the two issues of particular importance are surely “Contributing to food culture and health”, and “Effective use and recycling of resources”. Of these, “Contributing to food culture and health” are the most important issue contributing to the sustainability of humanity. In terms of the effective use of resources and realization of a circular economy, the Kewpie Group already makes an effort to utilize unused portions of vegetables, eggs and other items.

**Inoue:** Some unused vegetable portions are difficult to use as raw materials, so we are also focusing on technologies and proposals that make effective use of the whole vegetable. We are aiming for 100% recycling of cabbage, lettuce and potatoes, and will consider expanding this application to animal feed, food raw materials and fertilizers.

**Matsuda:** Within the Kewpie Group, there are many virtuous cycle “seeds” in which sustainability initiatives themselves lead to business, so the Kewpie Group, which has a philosophy with a story, will further demonstrate its strengths by creating new stories about sustainability that I look forward to hearing.

### In Conclusion

**Matsuda:** From our discussion today, I learned that the business is about to undergo a major transformation amid a great sense of danger. The coming era will be not be the same as in the past. Going forward, by recognizing the issues of how to change the company and business and strategically working both the emotional axis of the corporate philosophy and the digital axis, I expect the Kewpie Group to become stronger and more flexible.

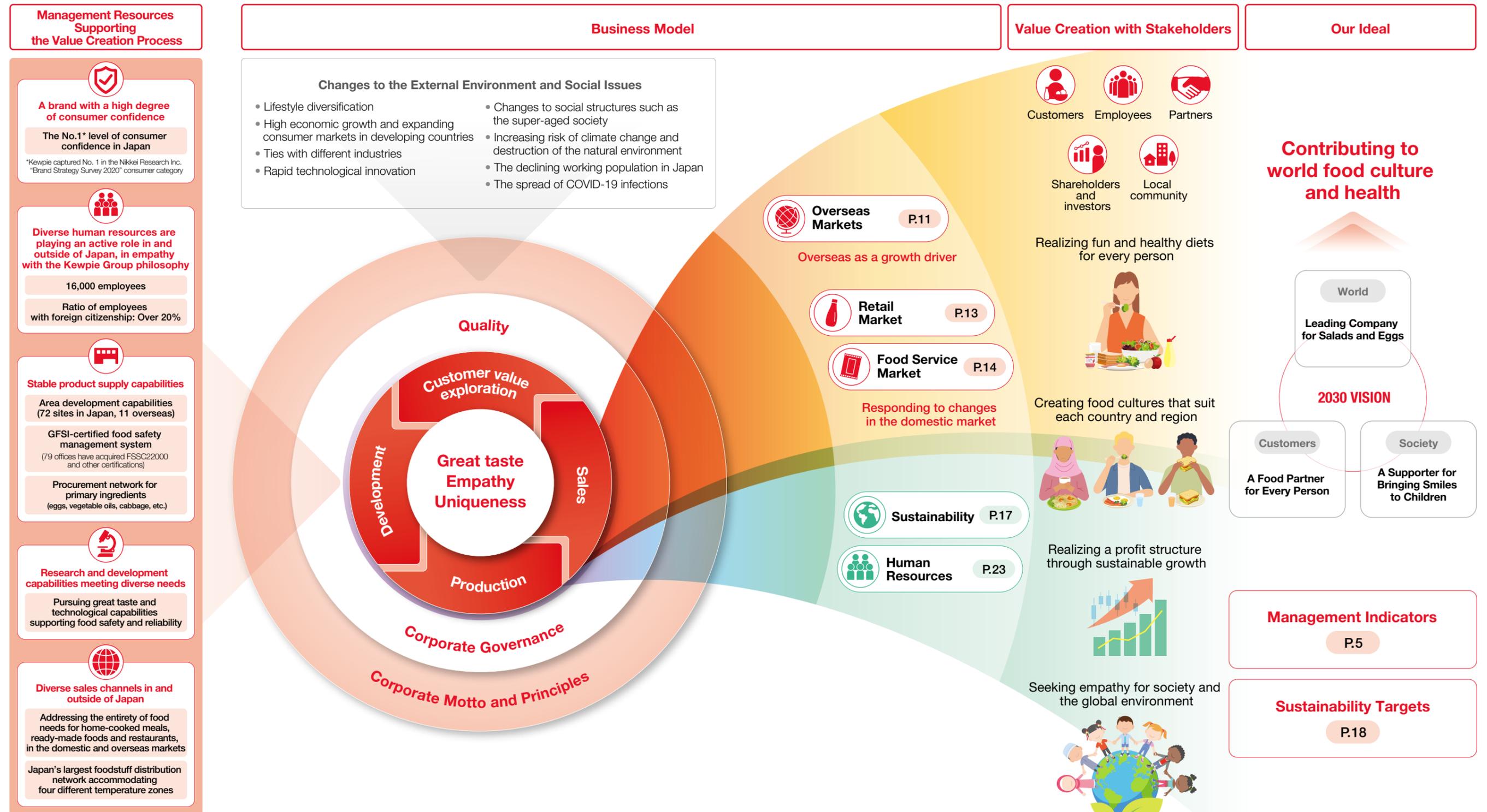
**Inoue:** Thank you very much. We will continue to create value sustainably, aiming for group management combining strength and flexibility with our corporate philosophy as the heart of the organization.

# Value Creation Process

The business domains and areas in which the Group operates are wide-ranging, both in Japan and overseas. In continuing to hone techniques and proposal capabilities while pursuing great taste endlessly, we presents its ideas for a variety of culinary scenarios, in the entire range of its activities, from product development to delivery to its customers.

Moreover, it is the blessings of nature that underpin our business activities. Our fervent hope is to remain an environmentally conscious group through sincere endeavors including the use of food resources and conservation of the environment and to carry forward a sustainable society to the next generation.

All Group members will continue to accept, learn from one another and share wisdom, tackling head on a changing global environment and social issues in empathy with the corporate philosophy. We aim to be a group that contributes to the food culture and health of the world through “great taste, empathy and uniqueness.”



## Overseas Developments



Contributing to health and smiles in development areas by expanding the range of condiments with quality and proposal capabilities.

**Shinya Hamasaki**  
Corporate Officer in charge of Overseas Business  
Kewpie Corporation

In China and Southeast Asia, the vegetable supply chain has developed in line with economic growth, expanding food culture to include the eating of raw vegetable salads. As health-consciousness is on the rise, this is a promising market where demand is expected to grow in the future. Furthermore, in North America, which is famous for mayonnaise and dressings, the Kewpie brand is gaining recognition.

Positioning mayonnaise and Deep-roasted Sesame Dressing as global strategic products, we will concentrate the investment of management resources, including human resources, product development, marketing and governance, mainly in China, Southeast Asia and North America. We are targeting an annual net sales growth rate of 10% or higher, aiming for net sales of ¥80 billion in FY2024. The Group will establish optimal supply systems in line with market growth in each area to build a stable supply chain.

### Deepening Engagement in Operating Areas

Income levels are rising in China and Southeast Asia in line with economic development. In addition to leveraging the expertise gained through the experience of spreading mayonnaise and dressings in Japan, we will promote digital marketing, expanding our customer base from the current mainstay category, affluent customers, to include the middle class.

### Expanding the Kewpie Brand

Focusing on global strategic products, we will expand the KEWPIE/Qiū bǐ\* brand and grow sales. We will also increase opportunities to communicate with customers, raise brand awareness in all regions and cultivate a brand that is trusted and loved throughout the world.

\*Qiū bǐ (丘比) is how Kewpie is written in Chinese



### Accelerating Food Localization

We will propose new great taste and healthy meals by combining ingredients and menu ideas from dining tables in each area with condiments and other products.

“Nashimentai” — the practice of topping rice with chili sauce, flying fish roe and mayonnaise and then grilling the dish—is becoming a trend in Indonesia. We encourage such trends by suggesting new mayonnaise-based eating habits and menu items.



Chinese “jianbing” (“senbei” rice crackers) are a popular menu item similar to fast food. Traditionally, meat and egg-based ingredients have been used in “jianbing,” but by combining these products with vegetables, we are proposing a delicious and healthy menu that is a bit different from the past.



### Topics

#### Full-Scale Development in South China

The South China area, where Guangzhou and Shenzhen are located, has a population of about 150 million and a GDP higher than Indonesia and Mexico. This area is an important economic zone in China, along with the North China area centered on Beijing and the East China area centered on Shanghai. The Kewpie Group has positioned South China as a priority area in its expansion into China. In January 2021, Guangzhou Kewpie Corporation commenced operations with the aim of achieving annual sales growth of 25% or higher in this area.

Until now, we supplied products to South China from East China but establishing a base near this market creates a system that can promptly deliver products meeting customer needs.

The new plant leverages the culmination of the Kewpie Group’s knowledge to improve production efficiency through automation, and in consideration of environmental concerns, uses only electricity for all energy requirements. This will reduce transportation costs and contribute to increased competitiveness, leading to an enhanced ability to supply products stably throughout China.

We will accelerate efforts in existing areas while cultivating new markets in fast-growing China.



Guangzhou Kewpie Corporation



Staff gather for the production launch



**Toshiyuki Yasutomi**  
Chairman of the Board  
Guangzhou Kewpie Corporation

In China, we are strengthening mayonnaise and dressing production capacity, and deepening engagement in existing markets while cultivating new markets for home-cooked meals, ready-made foods and restaurants in order to contribute to healthy diets in China.

#### Brand Penetration in North America

The per capita consumption of mayonnaise and dressings in the United States is roughly 1.5 times that of Japan, making the U.S. the world’s largest market\* for these products. Focusing efforts on mayonnaise and Deep-roasted Sesame Dressing, which are global strategic products, we will deepen Kewpie brand penetration in North America.

In 2010, Kewpie Mayonnaise was ranked the No. 1 most popular Japanese mayonnaise on a major U.S. mail order website and has since maintained this strong reputation. Recently, Deep-roasted Sesame Dressing, which is manufactured by Q&B FOODS, INC., in North America, is highly rated on e-commerce websites as shipments to supermarkets and other stores in the U.S. are on the rise. There are also growing needs among ethnic restaurants and other businesses along the East Coast.

Although North America is quite a competitive area, local ratings of our mayonnaise and Deep-roasted Sesame Dressing are steadily rising. We will seek further the Kewpie brand penetration in North America, which is positioned as a critical axis of growth after China and Southeast Asia.

\*Source: In-house research



Deep-roasted Sesame Dressing on sale in a U.S. supermarket



**Jerry Shepherd**  
President  
Q&B FOODS, INC.

Even in the U.S. brand recognition of Deep-roasted Sesame Dressing is growing. We will continue to spread great tastes from Japan through proposals tailor-made for local food culture.

## Domestic Developments | Retail Market



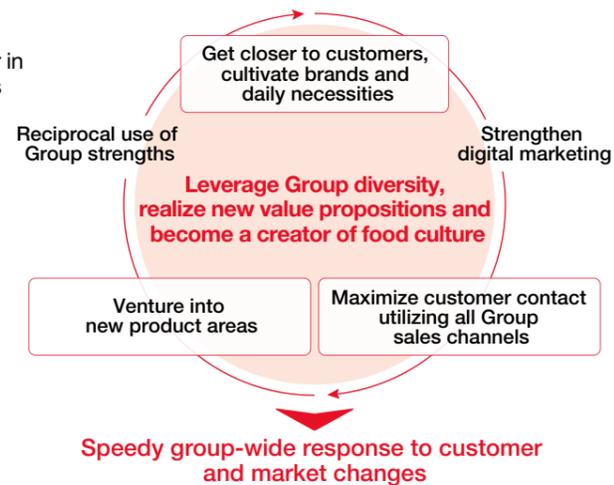
Providing New Value in Line with Changes in Customer Lifestyles to Become a Creator of Food Culture

**Seiya Sato**

Director, Executive Corporate Officer in charge of the Retail Market Business Kewpie Corporation

In response to the diversification of customer lifestyles, we aim to become more necessary in our customers' lives than ever before through the provision of great tastes and healthy menu proposals and products that are easy to use and purchase.

Combining sales channels, product development, expertise and other capabilities cultivated under our former product-centric assigned business system, we will marshal the entire Group to engage in the Retail Market.



### Increasing the Versatility of Mainstay Products to Make Them Daily Necessities

Mayonnaise is used for many purposes other than salads, such as mixing into stir-fried dishes or pancake dough, making it a product that most homes regularly keep in stock. Products such as Deep-roasted Sesame Dressing and shredded cabbage, which is a Salad Club packaged salad, can be used in a variety of different ways, easily providing great taste to any table. So that more customers use these products, we will cultivate and position them as daily necessities that customers feel they cannot do without.

### Attempting to Create New Sales Channels

Until now, our products have been deployed mainly in supermarkets. The Retail Market business will expand various sales channels, including online, home delivery, drugstores and convenience stores. In addition, we will discover specific needs and respond with new products and services through the materialization of a direct-to-consumer (Dtc) business that uses digitalization to deliver products and services directly to customers.

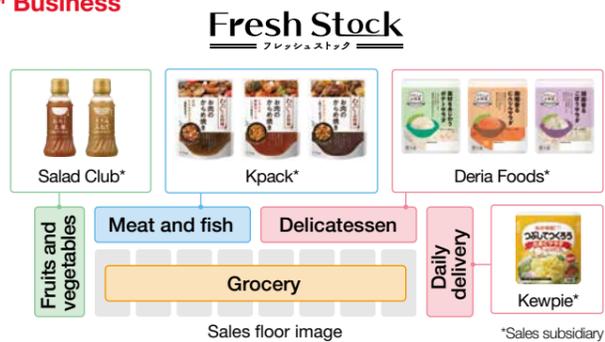
### Topics Venturing into New Areas: Fresh Stock™ Business

In response to customer changes, we are developing the Fresh Stock™ business to cultivate new products and sales channels. An increase in double-income households and the spread of COVID-19 have created new shopping needs as required products have changed. As the demand for home-cooked meals increases and the number of shopping at stores and length of time spent in stores are decreasing, there are demands for products that offer greater taste and last longer (stock items) than ever before.

By applying the professional quality and technologies we have cultivated over the years to meet the needs of the food service business, we will offer new proposals focused on the three categories of "condiments," "delicatessen" and "eggs" toward the fruit and vegetable, meat and fish, delicatessen and daily delivery markets. We will implement a "home-cooking diversity strategy" to comprehensively support dietary lifestyles, from menu creation to cleanup, contributing to resolving issues facing customers.

**Brand website**

Watashi no Oryori™ ➤ <https://www.kewpie.co.jp/watashino/>  
 Watashi no Osozai™ ➤ [https://www.kewpie.co.jp/w\\_osozai/](https://www.kewpie.co.jp/w_osozai/)



**Yuki Hojo**  
New Market Development Division Kewpie Corporation

By taking on the challenge of expanding into new sales area, we are increasing customer contact with products, which I feel is increasing opportunities to be of use to customers. We will promote new proposals in line with customer's dietary lifestyles.

## Domestic Developments | Food Service Market

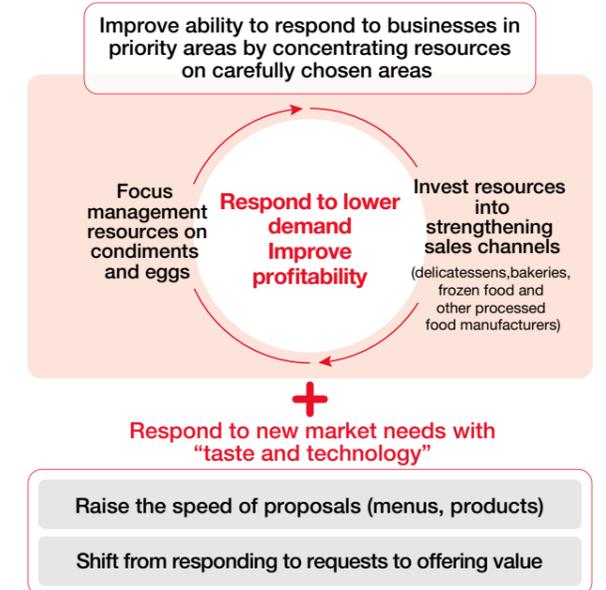


Refining Value Proposals to Customers, Making Group-wide Efforts to Enhance Existence Value in the Food Service Market

**Toshimasa Shirai**

Executive Corporate Officer in charge of the Food Service Market Business Kewpie Corporation

With the spread of COVID-19, home cooking has been reimagined and demand for home-cooked and ready-to-eat meals has increased due to a rise in take-out and delivery purchases, while the restaurant market remains challenging. In the Food Service Market, the Kewpie Group will strive to respond to these rapid changes, focusing on condiments and eggs to optimize product development. Moreover, we will consolidate functions and resources to improve profitability.



### Concentrating Resources on Sales Channels to be Strengthened, Improving Business Response Capabilities

We will engage in appropriate resource allocation to concentrate resources on the sales channels to be strengthened. Specifically, we will work as one to continue making new value propositions to delicatessens, bakeries, frozen food and other processed food manufacturing customers.

### Creating Food Trends through Enhanced Value Proposition Capabilities

The food service market is where new food trends are born. We will explore potential customer issues, refining our great taste and technologies to resolve issues and create new food trends. By continuously identifying potential issues and formulating solutions, we can quickly make new proposals in the food service market.

### Topics Development of Sarapan™

The Kewpie Group is proposing a new menu item called "Sarapan™," which is a new way to eat salad using bread as an edible plate, mainly for bakeries and dining out. As this product enables the use of existing salad menus, it is gaining popularity among customers who commented that Sarapan™ "enables the creation of a valuable menu addition that is also healthy" as well as "the introduction of a new menu item without the need for new ingredients or extra work." In addition this product facilitates the resolution of customer issues regarding how to control food loss and prepare appealing menu propositions. We will continue to closely monitor customer issues while proposing new food ideas.



**Sarapan™ official website**

➤ <https://www.kewpie.co.jp/prouse/recipe/sarapan/>



**Miwa Hirai**  
Tokyo Branch Kewpie Corporation

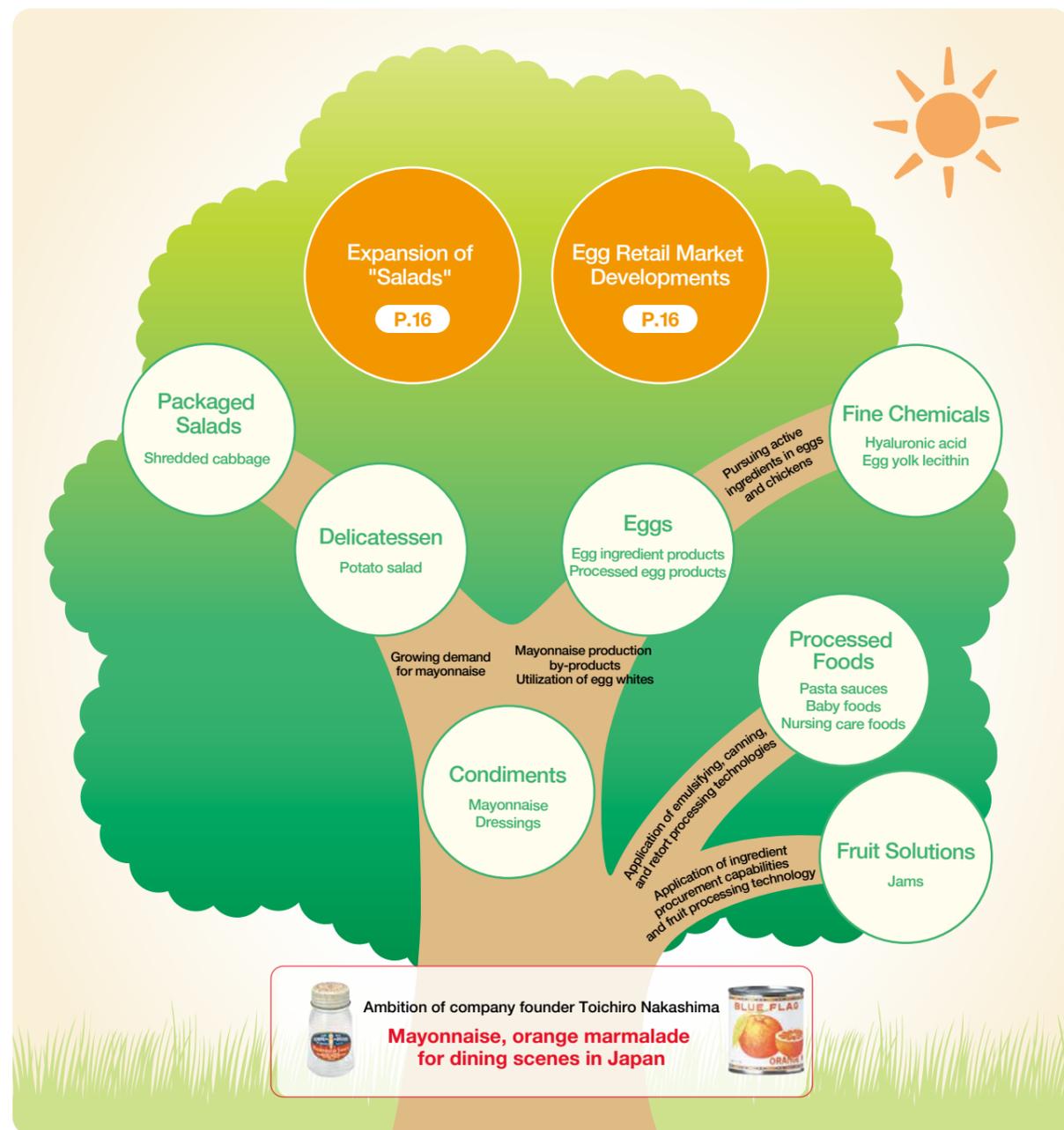
The memorable name and gorgeous appearance of Sarapan™ have earned the support of customers. Gaining popularity as a new way to eat sandwiches, I feel this product has led to the creation of a new category in the bread market.

## Expanding Kewpie Group Product Development

Our founder, Toichiro Nakashima, spent about three years in the 1910s in the United Kingdom and the United States as an overseas intern for what was then called the Japan Department of Agriculture and Commerce. That was when he first encountered orange marmalade and mayonnaise. With the desire to “to help improve the physiques and health of Japanese people by making delicious, nutritious mayonnaise so widely available that it became a daily necessity,” in 1925 the Company launched Kewpie Mayonnaise, a highly nutritious mayonnaise made using only egg yolks.

We subsequently began to work on the utilization of egg whites, which are generated as a by-product when manufacturing mayonnaise, and eventually we started to process and sell egg yolks and whole eggs, giving rise to many products utilizing the functional characteristics of eggs. In 1932, we launched Aohata Marmalade. By developing and applying the processing of various ingredients and canning technology, we were able to develop products such as jams, pasta sauces, baby foods and nursing care foods. Moreover, in response to social changes, such as the increase in women in the workplace, single-person households and the shift to nuclear households, we began to provide delicatessen foods and packaged salads with the idea of having people eat fresh salads easily without wastage.

We will leverage the technologies and quality we have cultivated up to now and continue to contribute to global food and health through the value of salads and eggs.



### Expansion of “Salads”

The objective of Health Japan 21 (Second Phase) is to encourage Japanese to eat 350 grams of vegetables daily, but at present, they are only eating approximately 280 grams of vegetables and this deficiency\* has yet to be rectified. Vegetables contain nutritional elements such as vitamins, minerals and dietary fiber, and we believe that improving vegetable intake will lead to a longer healthy life expectancy.

Until now, the Kewpie Group has proposed a wide range of menu items, including warm salads, side-dish salads and main-dish salads, and will continue to make proposals to expand “salads” so that customers can easily eat even more delicious vegetables. We will promote the multipurpose applications of mayonnaise and dressings as sauces for boiled, steamed and stir-fried vegetables, as well as develop sauces for cooking vegetables and other new products.

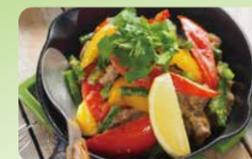
Furthermore, we will forward proposals for “salad-based menus” incorporating plenty of vegetables into bread, pizza, noodles and other dishes, bringing out the taste of vegetables and increasing opportunities to consume them.

\*National Health and Nutrition Survey, Japan 2019, Ministry of Health, Labour and Welfare

#### Multipurpose Applications (boiled, steamed, stir-fried, etc.)



Broccoli and steamed chicken salad



Red pepper and beef garlic stir-fry



Salad pizza



Salad noodles



Raw vegetable salad

#### Salad-based Cooking

### Egg Retail Market Developments

Although eggs have long contributed to the health of the Japanese people as a food containing high-quality protein and a variety of nutrients, the diversification of food in recent years has reduced opportunities\* to cook eggs at home.

The number of eggs handled each year by the Kewpie Group represents approximately 10% of all eggs produced in Japan. Until now, we have sold eggs as a raw material for processed foods and products sold in restaurants, mainly in the food service market, and promoted the development of boiled eggs, thick omelets, egg salads and other products. Combining the great tastes and technologies cultivated through the development of food service products, we will develop products that can be easily eaten in the home and promote them in the Retail Market so that customers can incorporate the deliciousness and fun of eggs into their daily meals. We will then grow this into the third pillar of our business after condiments and salads.

\*Source: Kewpie Corporation research



Ready-to-eat boiled egg



Half-boiled egg with runny yolk



Semi-processed egg salad

# Kewpie Group Sustainability

Kewpie founder Toichiro Nakashima's ambition of "contributing to society through healthier dietary lifestyles" is still the cornerstone of employee aspirations even now, more than 100 years since the Company was established. For example, as a Group handling approximately 10% of all eggs produced in Japan, we have made efforts to recycle egg shells since 1956, and today, we have achieved a 100% recycle rate.

As our society has advanced to become more abundant and convenient, various social issues are becoming apparent, and the global environment is also being greatly affected. By seriously addressing these issues, we will contribute to the achievement of global aims such as the Sustainable Development Goals (SDGs) and aim to realize a sustainable society and the Kewpie Group's sustainable growth.

## Basic Approach to Sustainability

Through the practice of the Corporate Philosophy and Group Policies, we will contribute to a sustainable society while building the foundation for sustainable growth of the Kewpie Group.

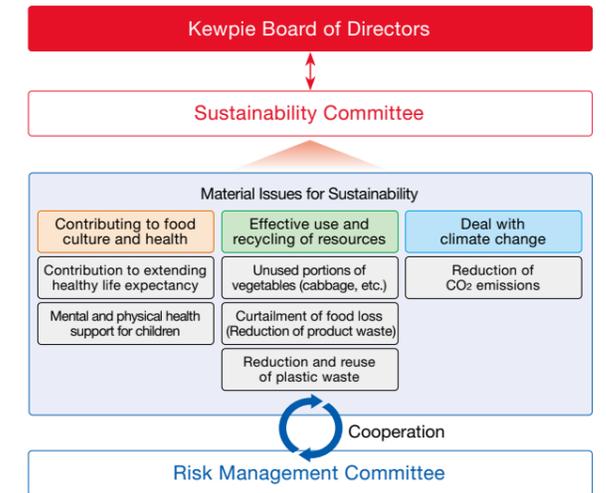


## Sustainability Promotion System

Chaired by the director in charge of sustainability, the Sustainability Committee promotes the formulation of policies and plans as well as initiatives toward the achievement of the sustainability targets.

We are working to instill and establish group-wide material issue targets and initiatives examined in subcommittees and cooperative projects.

In cooperation with the Risk Management Committee, we will respond to climate change and strengthen our business foundation.



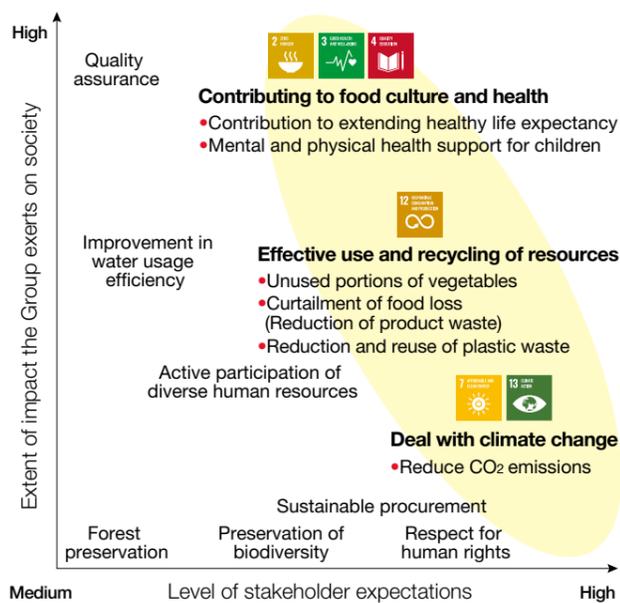
## Material Issues for Sustainability

In analyzing the risks and opportunities associated with changes in society, we identified social issues that must be addressed in reference to the SDGs. Next, for each social issue, we evaluated the size of shareholder expectations and Group impact on society, and identified steps to be taken as material issues for sustainability. Moreover, in assessing materiality, we refer to GRI, the international standard for sustainability, ISO 26000, SASB, and each type of ESG evaluation and largely reflect their ideas in the Kewpie Group 2030 Vision. Sustainability targets (indicators of initiatives to be taken by 2030) have been set for each theme. In response to changes in society, as more employees must develop an awareness and perspective on sustainability and become broadly engaged in its achievement, we also revised targets as part of the new Medium-term Business Plan policies.

## Risks and Opportunities Associated with Changes in Society

Area	Changes in Society	Risks and Opportunities
Society	<ul style="list-style-type: none"> <li>Super-aged society</li> <li>Spread of COVID-19</li> <li>Increasing numbers of nuclear households and single-parent families</li> <li>Increasing poverty/widening inequality</li> <li>Spread of divergent worldview</li> </ul>	<ul style="list-style-type: none"> <li>Increased awareness of healthy dietary lifestyles</li> <li>Fewer opportunities for dining out</li> <li>Insufficient food-related communications</li> <li>Loss of interest in food knowledge and experiences</li> <li>Growing awareness of human rights</li> </ul>
Global Environment	<ul style="list-style-type: none"> <li>Climate change, Paris Agreement</li> <li>Increase in natural disasters and unforeseen events</li> <li>Destruction of forests, water resource loss</li> <li>Degradation in crop quality and yields</li> </ul>	<ul style="list-style-type: none"> <li>Decarbonization of society, ethical consumption</li> <li>Marine plastic pollution</li> <li>Realization of a recycling-oriented society</li> <li>Lack of food resources, reduction of food waste</li> <li>Increasing awareness of global environmental protection</li> </ul>

## Identification of Material Issues for Sustainability



## Sustainability Targets

Material Issues	Initiative Themes	Indicators	FY2020 Results	FY2024 Target	FY2030 Target	Related SDGs	
Society	Contributing to food culture and health	Contribution to extending healthy life expectancy				2 (Zero Hunger), 3 (Good Health and Well-being)	
		Mental and physical health support for children	Number of children's smiles via our activities (Cumulative since FY2019)	177,000 children	At least 400,000	At least 1 million	4 (Quality Education)
Global Environment	Effective use and recycling of resources	Unused portions of vegetables (cabbage, etc.)	Effective utilization rate	40.0%	At least 50%	At least 90%	12 (Responsible Consumption and Production)
		Curtailment of food loss (Reduction of product waste)	Reduction rate in volume of product waste (compared with FY2015)	11.6%	At least 35%	At least 50%	
	Deal with climate change	Reduction and reuse of plastic waste	Reduction rate in volume of plastic waste (compared with FY2018)	-	At least 8%	At least 30%	
		Reduction of CO2 emissions	Reduction rate in CO2 emissions (compared with FY2013)	10.5%	At least 20%	At least 35%	7 (Affordable and Clean Energy), 13 (Climate Action)

Note: Sustainability targets apply to activities conducted in Japan.

## Social Initiatives

### Material Issues Contributing to Food Culture and Health

#### Contribution to Extending Healthy Life Expectancy



We will encourage children to develop healthy eating habits and contribute to extending healthy life expectancy by proposing abundant and healthy dietary lifestyles for adulthood, old age and every generation.

#### Initiatives in Japan

#### Supporting Balanced and Healthy Dietary Lifestyles through the Value of Salads and Eggs

##### Dissemination of Information on Diet and Health

In November 2020, we created the "Health Support Book." Focusing on salads and eggs, this book proposes issues and solution methods related to nutritional balance with content that is easy to incorporate into daily meals.

**Health Support Book** ▶ <https://www.kewpie.com/education/information/health-support/>



##### Healthy Menu Proposals

Vegetables contain vitamins, minerals and dietary fiber, while eggs contain most of the nutrients, mainly proteins, the body needs. We propose delicious and enjoyable menu options that incorporate these two ingredients into our diets in a well-balanced manner.

**Salad Stock website** ▶ <https://www.kewpie.co.jp/kantan/saladstock/>



##### Communicating the Appeal of Eggs

In addition to the Mayo Star in-house certification system implemented since 2013, we launched the Tamago Star in-house certification system in 2019 to develop employees able to communicate the appeal of eggs. Furthermore, we established the Tamago Classes to convey the appeal of eggs using Tamago Stars to present information.



Online Tamago Classes led by a Tamago Star

#### Topics Research Aimed at the Early Discovery of Cancer

We are conducting research into the use of components in the blood to predict the risk of developing cancer. In the future, we hope to utilize research results to propose improvements in dietary lifestyles and develop new products.



We want to shed light on the mechanism and propose ways to reduce cancer risks through the power of food so that we can live our lives in good health. We are conducting this research with the aim of contributing to the health of all people.

**Daisuke Kuriki**  
R&D Division  
Kewpie Corporation

#### Overseas Initiatives

#### Communicating the Appeal of Salad

Through the council endorsed by the Shanghai Society of Food Science, we are utilizing academic information including information gathered in Japan, while spreading awareness of the great taste and health benefits of salad in an effort to create opportunities for the Chinese people to eat salad.

In grocery vegetable sections, we are raising awareness of the role vegetables play in health, while launching activities that attract attention to salad, with plans to roll out these efforts from Shanghai to the rest of China.



Vegetable consumption awareness activities (Shanghai)

#### Mental and Physical Health Support for Children



Food offers nutrition that builds bodies and regulates health, and it has the power to cultivate healthy minds. We support children's vitality and creativity by communicating the importance and fun of eating through a variety of activities.

#### Launch of Online Field Trips and Childrearing Support Programs

As our lives undergo massive changes due to the spread of COVID-19, we are increasing our online communications.

##### Online Field Trips

Connecting elementary school students with Kewpie plants, we introduce children to the mayonnaise and dressing production process and quality assurance efforts while interacting with Company employees. One student who participated in these activities noted "not only did I have fun, but I also discovered new and surprising things."



Online field trip

##### Online Baby Food Classes

We conduct online Baby Food Classes aimed at relieving anxiety and burdens related to food during the weaning period, as well as increasing communication between parents and children. After explaining how to proceed with weaning and baby food, we have a program for consultations with the members in charge of baby food development.



Online baby food production presentation



I am happy to be able to connect online with customers who are far away so that I can help resolve any concerns or doubts they might have regarding the start of baby food feedings. I also work with the R&D Department so that customer concerns and opinions of the participants can be utilized in product development.

**Kana Yamakawa**  
Tosu Kewpie Corporation

#### Topics Support through the Kewpie Mirai Tamago Foundation

Established in April 2017, the Kewpie Mirai Tamago Foundation mainly provides donations to organizations providing dietary education and helping to alleviate child poverty.

The foundation provided "COVID-19 Special Response" emergency assistance to organizations helping to alleviate child poverty to aid children who are driven deeper into poverty than ever before due to the impact of COVID-19. We also donated our products and rice to Children's Cafeterias through the Foundation.

We will continue working on activities to support the smiles of children.



Donating rice through the Foundation to a children's cafeteria in Okinawa

#### Food Education Activities Rooted in Local Communities

In Malaysia, we continue to hold sandwich classes using vegetables for elementary school students to convey the importance of eating a nutritionally balanced diet.

Two Chinese subsidiaries (Beijing and Hangzhou) conduct factory tours similar to those conducted in Japan. We disclose the manufacturing process to our customers so that they can understand our products and feel reassured about our quality.



Sandwich Classroom (Malaysia)

# The Global Environment Initiatives

Material Issues

Effective Use and Recycling of Resources

Deal with Climate Change

## Unused Portions of Vegetables (cabbage, etc.)



We have proposed easy ways to enjoy salad so that customers can lead healthy and abundant dietary lifestyles. With the spread of delicatessen items and packaged salads, there is a growing need to recycle the unused portions of vegetables. We are focusing efforts on managing the freshness and maximizing the yield of raw materials while addressing the effective use of the unused vegetable portions (cores, outer leaves, peels, etc.).

### Unused vegetable portions

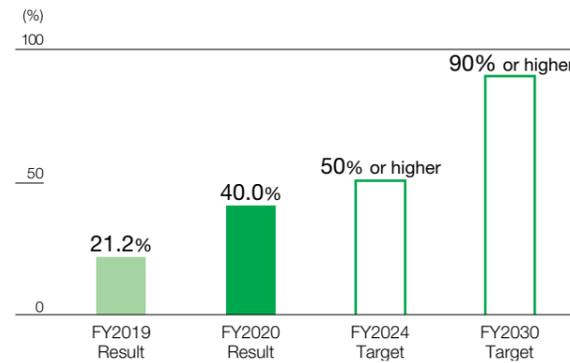


### Making Fertilizer from Unused Vegetable Portions

Through collaboration with Well Create Co., Ltd., we are developing initiatives for the reuse of the unused portions of vegetables as fertilizer at local farms.

Starting with the Hanshin Delica Corporation's Ayabe Factory, it has been introduced at eight locations, including delicatessen plants and Salad Club, which manufactures and sells packaged salads, and the effective use of unused vegetable portions reached 40% in FY2020.

### Effective utilization rate of unused portions of vegetables



**Koji Matsuo**  
Chairman of the Board  
Well Create Co., Ltd.

We use *Bacillus subtilis*, which is excellent for fermenting vegetables and is safe for use on agricultural land, for fertilizer provided to contract farmers. In collaboration with the Kewpie Group, we will strive to become a new model project for the creation of a circular economy.

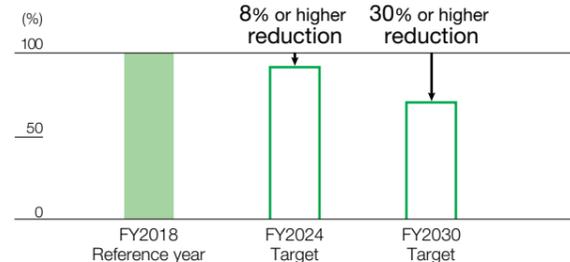
## Reduction and Reuse of Plastic Waste



In recognition of the serious impact of plastic waste on ecosystems and the environment, we added a new reduction rate in volume of plastic waste to our sustainability targets. While working to eliminate plastic by reducing the volume and thickness of plastic used in our packaging, we will promote the transition to paper, recycled materials and biomass plastics. We aim to reduce environmental burdens and provide food that is safe, secure and convenient.



### Reduction rate in volume of plastic waste



**Takamasa Hayashi**  
Household Division  
Kewpie Corporation

I am in charge of dressing development. While enhancing the great taste and usability of our products, we are proactively promoting the transition to packaging that enables greater reductions in global environmental burdens than ever before.

## Curtailment of Food Loss (Reduction of product waste)



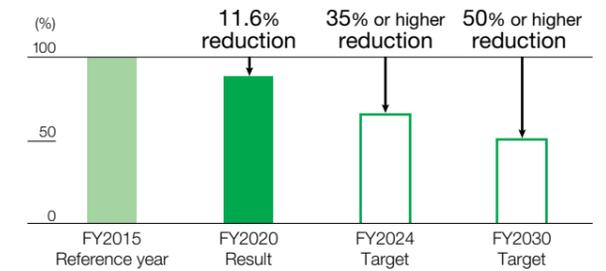
Food loss is an issue throughout the entire supply chain, while product waste in particular results from gaps between manufacturing based on demand forecasts and actual demand. The production, sales and logistics departments are working with our business partners to comprehensively solve problems in all processes, from production to logistics, with some business partners operating drugstores and restaurants already engaged in these efforts.

### Collaborating with Business Partners to Reduce Product Returns

We collaborated with certain retailers and wholesalers in the Kanto region to eliminate the disposal of unsold products. We reviewed product sales trends at each store, optimized product deliveries and achieved zero product returns, which had been considered to be a difficult proposition.

We will promote collaborations in-house and with external organizations to reduce product waste throughout the supply chain.

### Reduction rate in volume of product waste



**Shunsuke Takachio**  
Kanto Branch  
Kewpie Corporation

This effort would not have been possible without the cooperation of all our business partners. With this effort as an opportunity, I hope that all employees will consider food loss as their own issue and promote cooperation throughout the supply chain.

## Reduction of CO<sub>2</sub> Emissions



Targeting the realization of a carbon-free society, we revised the sustainability targets and raised the CO<sub>2</sub> reduction rate in FY2030 from 20% or higher to 35% or higher (compared with FY2013).

In addition to energy-saving efforts centered on plants, we are promoting the conversion to renewable energy through efforts including the introduction of solar power generation equipment. Furthermore, we are promoting a modal shift from long-distance truck transportation to rail and ship, while engaging in joint transport operations with manufacturers in different industries.

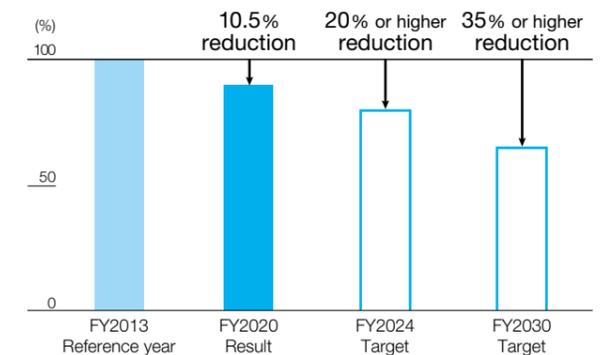
### Conversion to Renewable Energy

The Kewpie Egg Corporation's Hanno Factory became the fourth solar panel facility for in-house electricity needs in Japan, commencing operations in February 2021.



Kewpie Egg Corporation's Hanno Factory solar panel facility

### Reduction rate in CO<sub>2</sub> emissions



**Masahiro Takemura**  
Kewpie Egg Corporation

At the Kewpie Egg Corporation's Hanno Plant, one of our main plants, we are realizing efficiencies through the introduction of state-of-the-art egg breaking equipment and other upgrades. The addition of a solar power generator has enabled us to move forward with efforts to eliminate CO<sub>2</sub> emissions.

# Developing a Framework for Empowering a Diverse Range of Talent

For the realization of the Kewpie Group's objectives, every employee does enhance their strengths and make contributions. This is the diversity for which the Group aims. We intend to support active participation and comfortable work environments for all our employees, who possess diverse perspectives, skills and experiences, so that we can grow along with our employees.

**Major Initiatives**

- Promotion of mobilization of the Group's human resources
- Increasing opportunities to take part in initiatives from other departments
- Increasing opportunities to learn

## Promotion of Mobilization of the Group's Human Resources

In creating value by combining the Group's resources such as production, technology, information and sales channels, we consider diversity important. By promoting mobilization of our human resources, we are developing a framework for empowering a diverse range of talent with various types of knowledge to play active roles.

### Kewpie Group In-House Recruiting System

We have introduced an in-house recruitment system that encourages employees to take on challenges in new workplaces based on the experience, skills and aspirations they already have. Since the program started in 2019, more than 10 people have taken on new challenges, and we will expand this initiative.



**Tokuro Oda**  
Fine Chemical Division  
Kewpie Corporation

I applied for an in-house position for the purpose of strengthening sales in the medical field because it was a great opportunity for me to work in a medical-related job, which I had longed to. In addition to medical products sales, I am responsible for food and cosmetic product sales and feel that my daily work life is full and satisfying.

## Increasing Opportunities to Take Part in Initiatives from Other Departments

Opportunities for interaction between employees engaged in a variety of business activities, we are creating opportunities to exchange opinions with different people and experience new perspectives and awareness.

### KEEP 20

More than 20% of the participants in important meeting members are diverse (skills/ages, gender) these by stimulating discussions by incorporating opinions based on different perspectives than those of the usual participants.



**Miho Ohkochi**  
R&D Division  
Kewpie Corporation

I participated in the Management Committee as part of the KEEP 20 initiative. It's a great opportunity, so I'm enthusiastically preparing in advance so that I can give my opinion from my own perspective. I have come to think about my work from a wider perspective than before.

### Diversity Discussions

We hold diversity-themed discussions comprising members in key positions across all Group departments. These meetings provide opportunities to deepen our understanding of diversity and gain new awareness from conversations between members with various work experience. We plan to expand these opportunities to exchange opinions by including general employees in future meetings.

## Increasing Opportunities to Learn

We will create an environment in which each employee can independently formulate their career path and acquire the skills and experience necessary to realize their goals.

### Personnel Systems Promoting Independent Career Formation

To facilitate career development over the medium to long term, we created a system enabling employees to visualize required skills and fundamentals, set personal goals and proceed with learning independently in line with chosen specializations. The training program that used to be conducted group-wide for all employees has been revised to one supporting independent learning by employees motivated to advance. Employees learn by meeting with their supervisors to regularly reflect on their goals.

## Topics

### Supporting the Success of Diverse Human Resources with Originality and Ingenuity

The spread of COVID-19 has changed awareness of working styles, leading to more efficient use of IT and the entrenchment and operation of various systems. We will enhance tools and systems to enable the flexible selection of work styles with the aim of becoming of the group in which diverse human resources can work with peace of mind and focus on getting results. We will repeatedly employ originality and ingenuity to promote the creation of an environment in which all employees can flexibly select the optimal work styles for themselves.

### Establishment of a Remote Work System

We are working to improve productivity by shortening the time to travel for gatherings, as well as through cost reductions, while also responding to diversifying employee work styles to create an environment in which employees can continue to work with peace of mind.



### Utilization of Online Sales Activities

Amid conditions making it difficult to visit customers in person, we launched online sales activities. We utilize easily understandable visuals to provide explanations and demonstrate actual products, an approach that has been received favorably.

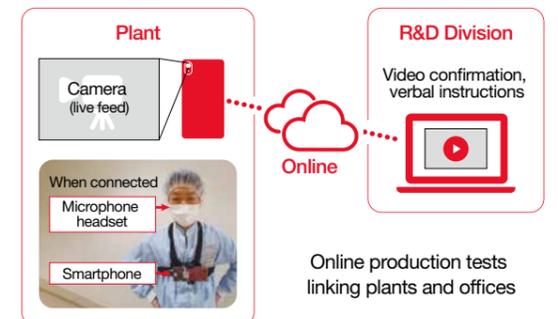
We are proactively conducting online sales activities in Japan and at overseas offices.



A BEIJING KEWPIE employee engaged in online sales

### Remote Line Test Efforts

To provide products that are safe and secure, it is necessary to conduct tests on the production lines when developing new products. In the past, researchers had to travel to faraway plants to conduct testing, but we now have a mechanism in place that enables the remote confirmation of production line tests as a means of moving forward with development even during travel restrictions. As a result, even employees raising children who have difficulty making business trips that require overnight stays can now conduct tests on the production line.



### Health Management Initiatives

In addition to contributing to health through diet, we are strengthening initiatives to ensure the Group's employees can continue working with a healthy mind and body. We have implemented various plans aimed at maintaining employee health even amid the restricted environment caused by the spread of COVID-19.

### Mental Health Efforts

We established an Employee Counseling Desk to provide employees with the opportunity to receive consultation pertaining to mental and physical health, human resource and labor systems, and work styles.

### Physical Health Efforts

To address insufficient exercise, we distribute training videos that employees use at home, as well as conduct indoor exercise events. In addition, employees at plants and offices engage in daily calisthenics synchronized with radio broadcasts.



Indoor exercise video disseminated online

# Risk Management Initiatives

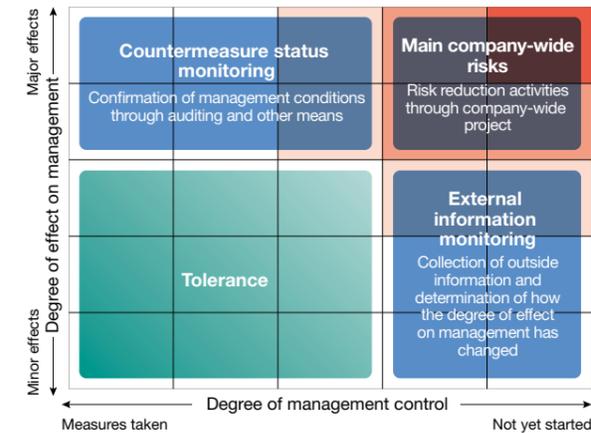
The Kewpie Group recognizes events with the potential to affect the continued and stable development of management as risks and strives to enhance internal controls through the practice of risk management.

In recognizing risks, we assess the potential of actual risks occurring in accordance with the magnitude of impact and degree of control, and select risk items that must be addressed. Each department in charge continuously monitors individual risks, while the Risk Management Committee shares information related to risk factors that affect the Company as a whole to comprehensively manage the evaluation and prioritization of such risks, and formulate countermeasures. Specifically, we have positioned the following eight items as major risks and are working to manage and avoid them.

- Market developments
- Procurement of principal ingredients
- Product liability
- Natural disasters and other such contingencies
- COVID-19
- Human resources and labor-related
- Overseas expansion
- Global environmental issues

The Director in charge of risk management regularly reports Company-wide risk assessments and the status of response policies to the Board of Directors.

## Risk Assessment



## Risk Management Structure



## Topics

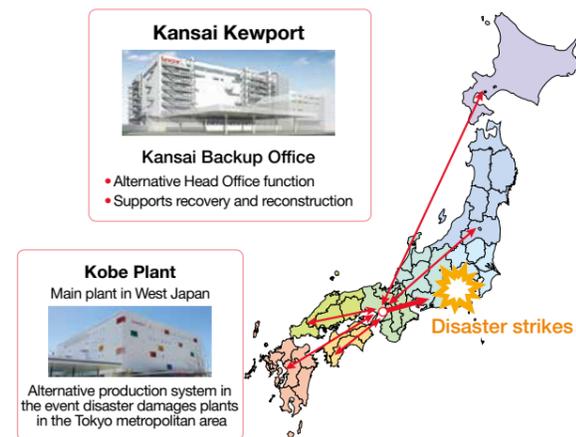
### 1 Responses to Natural Disasters and Other Unforeseen Circumstances

Drawing on experiences from past disasters, the Kewpie Group has established a group-wide business continuity plan (BCP) to be used in the event of a crisis consisting of the following points.

- Maintain systems establishing an alternative to the Tokyo Head Office in the Kansai area
- Stockpile supplies and maintain emergency communication networks
- Upgrade production facilities and enhance logistics systems
- Maintain systems able to confirm whether production is possible in unforeseen circumstances
- Establish core products production, raw materials procurement and order receiving functions in two different locations

Large-scale disaster response training (initial response, product supply and safety confirmation training) is also conducted to ensure these systems operate reliably.

#### Backup Head Office and Production Functions in the Event Disaster Strikes the Tokyo Metropolitan Area



#### Case Study: Earthquake Responses

##### Response Timeline

Emergency response initiated in concert with offices in the earthquake-affected area

Automatic distribution of safety confirmation e-mails immediately after the earthquake

**4 Minutes Later** Emergency response initiated

**10 Minutes Later** Began gathering information posted on the disaster countermeasures bulletin board

- |                        |  |
|------------------------|--|
| <b>Personnel/labor</b> | Safety of employees, their families and homes                          |
| <b>Production</b>      | Status of plant damage and impact on production                        |
| <b>Logistics</b>       | Warehouse damage, road and delivery conditions, and alternative routes |
| <b>Sales</b>           | Status of branch and sales office damage                               |
| <b>IT systems</b>      | Impact on communications and status of recovery                        |

**50 Minutes Later** Completed confirmation of the status of all offices in the earthquake-affected area  
Fully ascertained the overall situation and provided information to management in less than one hour

##### Basic Response Policy

1. Quick initial action
2. Information gathering
3. Centralized supervision



##### Disaster Countermeasures Bulletin Board

When disaster strikes, this electronic bulletin board gathers Group damage and response status information and shares it within the Emergency Response Headquarters and among related members.

### 2 Response to COVID-19

The following three policies have been formulated and are being implemented.

- 1 Cooperate with national and local measures and lower risk of infection
- 2 Fulfill our mission as a food manufacturer
- 3 Contribute to society in the ways that only Kewpie can

The Kewpie Group's mission is to continue providing customers with safe and reliable products. To avoid business activity interruptions, we strive to prevent COVID-19 infections by thoroughly engaging in personal health management, personal movement record-keeping and handwashing and sanitizing practices based on national and municipal government guidelines. Furthermore, we upgraded our IT environment to enable activities such as sales negotiations, meetings and trainings to be conducted online while controlling the number of onsite employees in combination with working from home.

In addition, in terms of social contributions, we provided salad and other food enabling healthcare workers to maintain a balanced diet. In collaboration with KOMPEITO Co., Ltd., we installed refrigeration display cases in hospital facilities and donated our products such as salads, delicatessen items and condiments.



Managing entry to plants using automated body temperature measurements



Providing our products to healthcare workers

### 3 Responses to Overseas Risks

In 2015, we launched a cross-divisional project at the Head Office and have proceeded systematically. We also conduct education and training aimed at inculcating the Kewpie Philosophy overseas and work to strengthen our management foundation through the establishment of an internal control system, business continuity planning and risk management training. In addition, we are engaged in the handling of important technical information, the creation of a solid ICT network and measures to prevent counterfeit products.



Risk management meeting held overseas

# Working to Improve Corporate Governance

## Basic Approach to Corporate Governance

In the course of improving corporate governance, we respect the Kewpie Group Philosophy and Policies and continually considers the maximum benefit for various stakeholders. We are also striving to construct an appropriate corporate governance system that leverages its uniqueness based on these results.

The Kewpie Group will continue aiming to contribute to the food culture and health of the world. To achieve this goal, we will personally question what is true and carry out initiatives to increase corporate value and achieve medium- to long-term growth with the final goal of corporate governance.

In addition, the Group's basic approach and framework for corporate governance has been compiled in the "Corporate Governance Guidelines."

### Corporate Governance Guidelines

▶ [https://www.kewpie.com/company/pdf/kewpie\\_Corporate\\_Governance\\_Guidelines190401.pdf](https://www.kewpie.com/company/pdf/kewpie_Corporate_Governance_Guidelines190401.pdf)

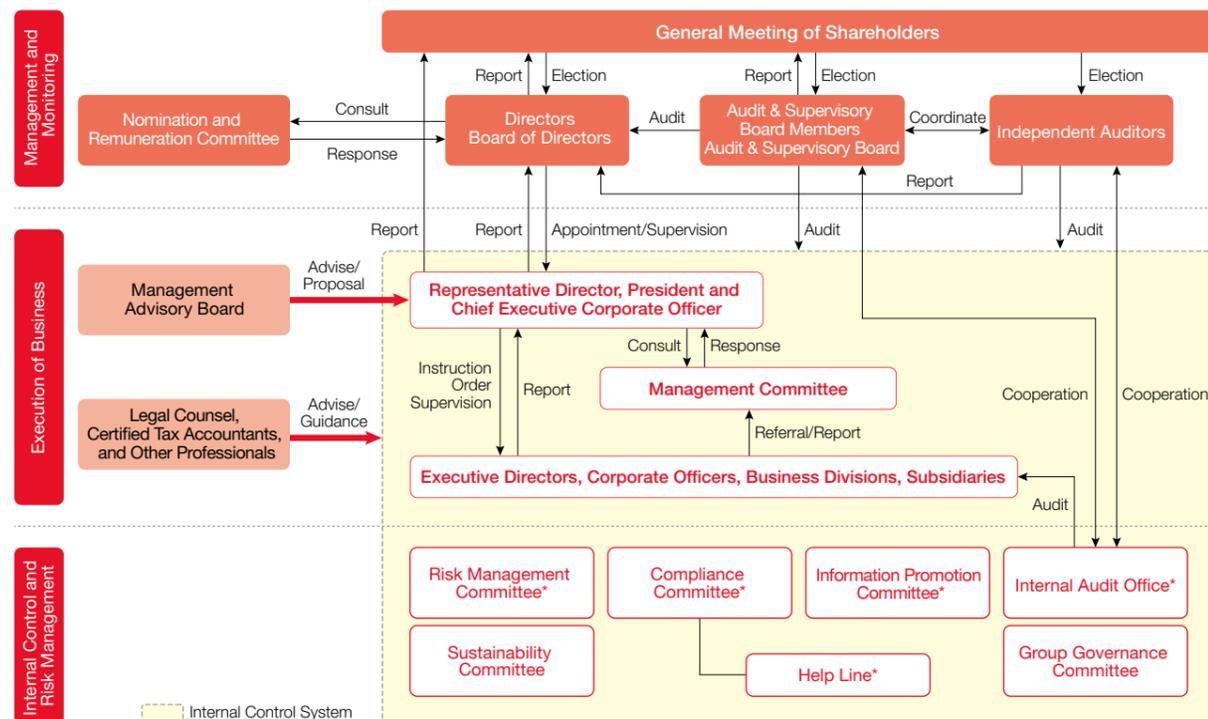
### Corporate Governance Report

▶ [https://www.kewpie.com/company/pdf/ir\\_20200228\\_kewpie\\_corporate\\_governance.pdf](https://www.kewpie.com/company/pdf/ir_20200228_kewpie_corporate_governance.pdf)

### Corporate Governance Basic Policies

- 1 The Company shall respect the rights of its shareholders and ensure the equal treatment of shareholders.
- 2 The Company shall respect the positions and rights of its various stakeholders, including its customers, employees, business partners, shareholders and investors, as well as local communities, and foster appropriate relationships with such parties.
- 3 The Company shall disclose its corporate information in a proper manner and ensure the transparency of its operations.
- 4 The Company shall build mechanisms to facilitate the cooperation of all management resources for its corporate governance systems.
- 5 The Company shall engage in constructive dialogue with shareholders who expect medium- to long-term investment returns.

## Corporate Governance System



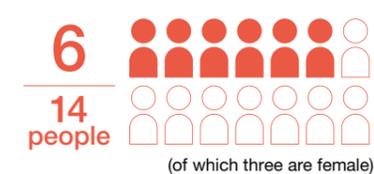
\*Risk Management and Information Promotion Committee include subsidiary representatives as members and manage risks at subsidiaries. The activities of the Compliance Committee, the Internal Audit Office and the helpline are also open to subsidiaries.

## Board of Directors Composition and Operating Status, Mechanisms Supporting the Board of Directors

### Board of Directors Composition

A resolution by the Ordinary General Meeting of Shareholders held on February 25, 2021, increased the number of outside directors from two to three, and decreased the number of inside directors from nine to six. Accordingly, the ratio of outside directors to the total number of directors increased to one-third, and the ratio of outside officers to the total number of members participating in the Board of Directors meetings reached 43%. We will further enhance the strategic and objective nature of management by strengthening the Board of Directors supervisory function based on advice and guidance from outside officers.

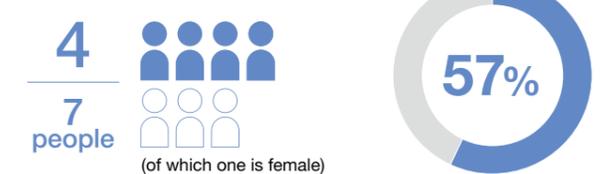
### Number of Outside Officers



### Nomination and Remuneration Committee

The Nomination and Remuneration Committee, which is chaired by an outside director, with outside officers making up a majority of members, was established as an advisory body to the Board of Directors to deliberate and make resolutions as necessary regarding the election or dismissal and remuneration of directors, auditors and corporate officers. This committee aims to increase the objectivity, validity and transparency of the Board of Directors composition and the nomination and remuneration of directors, etc., leading to the medium- to long-term growth of the Group and enhanced corporate value.

### Number of Outside Officers



### Policies and Procedures for Election and Dismissal of Directors and Corporate Auditors

Directors shall be responsible for respecting the Kewpie Group Philosophy, promoting sustainable corporate growth and enhancing corporate value over the medium to long term, and boosting earnings power and capital efficiency. The corporate auditors shall be responsible for preventing the infringement of laws, regulations and the Articles of Incorporation in business operations, while maintaining and improving the soundness of the Kewpie Group and trust from society. The Board of Directors has set forth the following criteria through which the persons deemed capable of fulfilling these responsibilities are nominated as candidates.

#### Inside Director

1. Must respect the corporate philosophy of the Company and embody its values.
2. Must possess abundant knowledge on domestic and international market trends concerning the Group business.
3. Must have a strong ability for objective managerial judgment and business execution that will contribute beneficially to the Group's management direction.

#### Outside Director

1. Must provide a guiding role in particular fields, such as legal affairs, corporate management, overseas business, human resource development, and CSR and have abundant experience and expertise in these fields.
2. Must have a keen interest in the corporate philosophy and business of the Company, and possess the ability to express opinions, provide guidance and advice, and carry out supervision with respect to the inside directors in a timely and appropriate manner.
3. Must secure sufficient time to perform his or her duties as an outside director of the Company.

#### Inside Corporate Auditor

1. Must respect the corporate philosophy of the Company and embody its values.
2. Must maintain a fair and unbiased stance and possess the capability to fulfill auditing duties.
3. Must understand the Group operations in general and be able to propose management tasks.

#### Outside Corporate Auditor

1. Must provide a guiding role in particular fields, such as legal affairs, corporate management, accounting, overseas business, human resource development, and CSR and have abundant experience and expertise in these fields.
2. Must have a keen interest in the corporate philosophy and business of the Company, and possess the ability to express opinions, provide guidance, and carry out supervision with respect to the directors from an objective and fair standpoint.
3. Must secure sufficient time to perform his or her duties as an outside corporate auditor of the Company.

### Procedures for Nomination of Director and Corporate Auditor

Proposals for the nomination of candidates for director and corporate auditor are submitted to the Nomination and Remuneration Committee. Subsequently, candidates recommended by the committee are deliberated and decided upon by the Board of Directors. Regarding corporate auditor candidates, submission of nomination agenda items to the General Meeting of Shareholders must be approved by the Audit & Supervisory Board pursuant to stipulations in the Companies Act.

# Working to Improve Corporate Governance

## Directors and Audit & Supervisory Board Members

NRC Members of Nominating and Remuneration Committee

### Directors



**Amane Nakashima**

**Chairman** NRC  
Chairman of the Board of Directors in charge of Compliance and Brand



**Osamu Chonan**

**Representative Director** NRC  
President and Chief Executive Corporate Officer in charge of Overseas



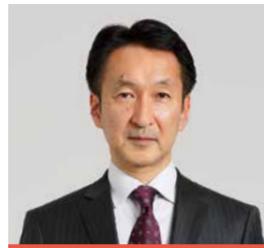
**Nobuo Inoue**

**Director** NRC  
Executive Corporate Officer in charge of Corporate (including Medium-term Business Plan Promotion, Group Governance, Risk Management and Sustainability)



**Seiya Sato**

**Director**  
Executive Corporate Officer in charge of Retail Market Business



**Yoshinori Hamachiyo**

**Director**  
Senior Corporate Officer in charge of Research Development, Fine Chemicals, Intellectual Property, Food Culture and Health Promotion Project and Senior General Manager of R&D Division



**Ryota Watanabe**

**Director**  
Senior Corporate Officer in charge of Production and Quality



**Kazunari Uchida**

**Outside Director** NRC (Chairman)



**Shihoko Urushi**

**Outside Director** NRC

### Audit & Supervisory Board Members



**Hitoshi Kashiwaki**

**Outside Director** NRC



**Kiyotaka Yokokoji**

**Audit & Supervisory Board Members (Standing)**



**Norimitsu Yamagata**

**Audit & Supervisory Board Members (Standing)**



**Emiko Takeishi**

**Outside Audit & Supervisory Board Members**



**Kazumine Terawaki**

**Outside Audit & Supervisory Board Members** NRC



**Mika Kumahira**

**Outside Audit & Supervisory Board Members**

Note: The Company has notified Tokyo Stock Exchange, Inc., that the Company's outside directors and outside audit & supervisory board members are independent corporate officers with no risk of conflicts of interest with general shareholders. All Kewpie outside officers meet the standards for independence.

## Status of Outside Board Members (FY2020)

Mr. Kashiwaki was appointed as a new outside director starting February 2021 due to his wealth of experience and deep insight as a business company manager.

	Key Activities	Important Concurrent Posts Held	FY2020 Attendance at Board Meetings
<b>Outside Directors</b>			
<b>Kazunari Uchida</b>	Provides advice and opinions on management issues in general, based on sophisticated, specialist knowledge of business management and wide-ranging insight.	Professor of Graduate School of Commerce at Waseda University External Director of Lion Corporation Outside Director of BROTHER INDUSTRIES, LTD.	Board of Directors' Meetings: 10/11
<b>Shihoko Urushi</b>	Provides advice and opinions on management issues in general, based on wide-ranging insights on personnel training and management.	President of Shinagawa Joshi Gakuin, Member of the Education Rebuilding Implementation Council (Cabinet Office) Outside Director of Culture Convenience Club Co., Ltd. Outside Director of Nisshin Fire & Marine Insurance Co., Ltd.	Board of Directors' Meetings: 10/11
<b>Hitoshi Kashiwaki</b>	—	Outside Director of ASICS Corporation Outside Director of Matsuya Co., Ltd. Outside Director of TBS HOLDINGS, INC.	—
<b>Outside Corporate Auditors</b>			
<b>Emiko Takeishi</b>	Secures the objectivity and neutrality of management oversight functions. Provides advice and opinions on management issues in general, based on experience in public administration and wide-ranging insights on personnel systems and labor policy.	Professor of Faculty of Lifelong Learning and Career Studies at Hosei University Outside Audit & Supervisory Board Member of Tokio Marine & Nichido Fire Insurance Co., Ltd.	Board of Directors' Meetings: 11/11 Audit & Supervisory Board Meetings: 12/12
<b>Kazumine Terawaki</b>	Secures the objectivity and neutrality of management oversight functions. Provides advice and opinions on management issues in general, based on specialized knowledge and wide-ranging insights as a lawyer.	Lawyer Outside Audit & Supervisory Board Member of The Shoko Chukin Bank, Ltd. Outside Director of SHIBAURA MACHINE CO., LTD. Outside Audit & Supervisory Board Member of Kajima Corporation	Board of Directors' Meetings: 11/11 Audit & Supervisory Board Meetings: 12/12
<b>Mika Kumahira</b>	Secures the objectivity and neutrality of management oversight functions. Provides advice and opinions on management issues in general, based on wide-ranging insights into corporate transformation and leadership development.	Representative Director of Atech Kumahira Co., Ltd. Representative Director of KUMAHIRA SECURITY FOUNDATION Principal of Institute of Diversity Promotion, Career College of Showa Women's University Representative Director of Learning-21 Organization Outside Director of NITTAN VALVE CO., LTD.	Board of Directors' Meetings (after appointment): 8/9 Audit & Supervisory Board Meetings (after appointment): 8/9

## Remuneration of Directors, etc.

The remuneration paid to directors is in the form of monthly remuneration and bonuses. The monthly remuneration is decided separately according to each director's status and is limited within the scope of the remuneration limit resolved at the General Meeting of Shareholders. Bonuses are not paid to the outside directors.

The remuneration paid to corporate auditors is in the form of monthly remuneration only. The individual remuneration amounts are decided through negotiation by corporate auditors within the scope of the remuneration limit resolved at the General Meeting of Shareholders.



### Monthly Remuneration Calculation Method

- Inside director: Flat rate with an additional bonus for representative directors
- Corporate officers: Set at an appropriate level for each rank (company president, senior executive corporate officer, executive corporate officer, senior corporate officer) with consideration for factors such as the management environment
- Outside directors and corporate auditors: Fixed amount

### Bonus Calculation Method

- Bonus amounts are calculated according to the rank of the inside directors and corporate officers, using consolidated operating income, income from the division for which they are responsible and themes based on progress made in achieving the medium-term business plan as performance indicators.
- The Company can increase or decrease the bonus amount paid for the final fiscal year of a medium-term business plan depending on medium-term business plan key indicators (including sustainability targets and goals for employees) and achievement of each personal mission.

## Overview of FY2020

Type of Officers	Total Remuneration (¥ million)	Total Remuneration by Classification (¥ million)		Number of People Receiving Remuneration
		Monthly	Bonus Amount	
Directors (excluding outside directors)	331	237	93	9
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	42	42	—	2
Outside officers	53	53	—	5
<b>Total</b>	<b>427</b>	<b>333</b>	<b>93</b>	<b>16</b>

Note: The limit amount for remuneration of directors was resolved to be within ¥500 million per annum including bonuses (of which outside director annual remuneration is to be within ¥80 million) at the 108th Ordinary General Meeting of Shareholders held on February 25, 2021.

The limit amount for remuneration of corporate auditors was resolved to be within ¥8 million per month at the 81st Ordinary General Meeting of Shareholders held on February 25, 1994.

The remuneration amounts listed above exclude employee salaries (including bonuses) of those serving concurrently as employee and director.

## Working to Improve Corporate Governance

### Board of Directors Activities in FY2020 and Action Plans for FY2021

In FY2020, the Board of Directors deliberated important matters as stipulated by laws, regulations, the Articles of Incorporation and internal rules, supervised the business execution of corporate officers and engaged in the activities outlined below. In FY2021, the Board of Directors will deliberate important matters and supervise business execution while continuing to operate under the following policies.

#### FY2020 Actions and Achievements

- Deliberated and exchanged opinions regarding issues critical to management, shared risk management activities and monitored the progress of diversity and sustainability target achievements.
- In the second half of the fiscal year under review, in light of the rapidly changing management environment caused by the spread of COVID-19, the Board of Directors took time to carefully deliberate Medium-term Business Plan revisions and changes to the Kewpie Group management structure.
- The Board of Directors conducted executive training on the theme of scenario planning as an initiative for enhancing the knowledge of executives with the aim of increasing adaptability to uncertainty. Study sessions were held on digital strategies and corporate transformation.

#### FY2021 Action Plans

- Policy 1**  
Promote discussions on future vision and corporate transformation
- Policy 2**  
Ensure sufficient time for exchanging opinions on important issues not fully discussed
- Policy 3**  
Regularly report and exchange opinions on the progress of the market-oriented structure (including the status of the Fresh Stock™ business)
- Policy 4**  
Establish a place for management and outside officers to exchange opinions other than the Board of Directors
- Policy 5**  
Conduct executive training to deepen Board member awareness of DX and sustainability

### Management Advisory Board

The Management Advisory Board has been set up as an advisory body to the Company's Representative Director, President and Chief Executive Corporate Officer. Participants in the Board meetings (two regular meetings per year, plus special meetings as necessary) consist of outside members, the Representative Director and the President and Chief Executive Corporate Officer. Other directors may participate as necessary, depending on the agenda. The Company receives advice and proposals from this Board for the maintenance and improvement of the sound, fair and transparent management of the Group, which it takes into account in decision-making.

#### Main Agenda Items at Regular Meetings in FY2020 (Online Meetings)

- |                  |   |
|------------------|---|
| <b>September</b> | <b>Main Topics Discussed</b> <ul style="list-style-type: none"> <li>Responses to COVID-19 and resulting social changes</li> <li>Ideal format for the Integrated Report</li> </ul> |
| <b>December</b>  | <b>Main Topics Discussed</b> <ul style="list-style-type: none"> <li>Support for animal welfare</li> <li>Issues seen in management numbers</li> </ul>                              |

#### Outside Members on the Management Advisory Board (listed in order of appointment)

##### Ms. Yuri Okina

Chairperson of The Japan Research Institute, Limited  
Outside Director of Bridgestone Corporation  
External Director of Marubeni Corporation

##### Ms. Izumi Kobayashi

Outside Director of ANA HOLDINGS INC.  
Outside Director of Mitsui & Co., Ltd.  
Outside Director of Mizuho Financial Group  
Outside Director of OMRON Corporation

##### Ms. Atsuko Fukushima

Journalist  
Outside Director of Calbee, Inc.  
External Director of Hulic Co., Ltd.  
External Director of Nagoya Railroad Co., Ltd

##### Ms. Chieko Matsuda

Professor, Graduate School of Management at Tokyo Metropolitan University  
Professor, Faculty of Economics and Business Administration at Tokyo Metropolitan University  
Outside Director of Foster Electric Company, Limited  
Outside Director of Kirin Holdings Company, Limited  
Outside Director of IHI Corporation

##### Mr. Harold George Meij

Outside Director of Earth Corporation  
Advisor of Sanrio Company, Ltd. (As of April 2021)

### Business Execution Mechanism

#### Decision-Making in Management

In addition to holding monthly Board of Directors meetings constituting the highest management decision-making body, the Kewpie Group established the Management Committee to assist the Board of Directors and the Representative Director, President and Chief Executive Corporate Officer, which deliberates important business matters. In addition, various important committees commissioned by the Management Committee have been established for each theme and field, launching efforts to formulate, disseminate and monitor important policies affecting the entire Group. The Management Committee and other important committees have the system which enables diverse members to make a decision upon discussions.

#### Formulating a Basic Way of Thinking to Group Management

Although the Kewpie Group has employed internal decision-making rules for some time, to enhance sustainable growth and corporate value, we also recognize the importance of allowing the companies comprising the Group to demonstrate independence and diverse characteristics while engaging in deeper mutual cooperation based on group-wide policies.

Accordingly, we formulated the "Fundamental Policy for Group Management" in January 2020, clearly stating the basic philosophy and the roles and responsibilities of each organization within the Group. Further, review of the Group structure starting in FY2021 led to partial changes and revisions, resulting in the formulation of the "Basic Way of Thinking for Group Management" in April 2021.

#### Basic Way of Thinking for Group Management

- The Kewpie Group Philosophy is the highest ideal shared throughout the entire Group.
- The "Kewpie Brand" is the symbol of our Group that all of us nurture as a vital and irreplaceable asset.
- Conduct thorough management in line with Group-wide policies and strategies targeting sustainable growth.
- The human resource, equipment, capital, technology and information of our group are common Group assets, and we utilize them from the perspective of overall optimization.
- The Kewpie Corporation shall lead Group management.

### Interview



**Mika Kumahira**  
Outside Audit & Supervisory Board Member

For me as a consumer, the Kewpie Group image was familiar and friendly—an image that has not changed since I became an outside Audit & Supervisory Board member. Through discussions with management and employees, my impression is that the Kewpie Group Philosophy has solidly permeated the entire organization. To promote the "Developing a framework for empowering a diverse range of talent" as set forth in the Medium-term Business Plan, it is important that the core corporate philosophy, vision and other management ideals are shared throughout the Group as the basis for various perspectives, so the permeation of the corporate philosophy can be a great strength of the Kewpie Group.

As I specialize in training organizational leaders and creating learning organizations, I think the human resource initiatives in the Medium-term Business Plan will become very important. In the past, each employee was tested on his or her ability to carry out work in the cycle of "planning → execution → results," and I believe that the Kewpie Group has strong execution skills. However, in the future, it will be necessary to develop autonomous human resources and organizations that can enhance their abilities through the cycle of "hypothesis → action → learning → result," which allows employees to accumulate successful experiences in themselves by acting on hypotheses and learning from the experiences gained from those actions, even when there are no answers. I believe that I can help create an organization that fosters autonomous human resources who can act on hypotheses and turn their experiences into learning and brings about positive chemical reactions through diversity. I will do my best so that the Kewpie Group will remain an organization where diverse human resources can play active roles.

## Financial and Non-Financial Summary

Financial Results Information

▶ <https://www.kewpie.com/ir/finance/>

ESG Data List

▶ <https://www.kewpie.com/en/sustainability/esg/>

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
<b>Financial Information</b>											
Performance (¥ million)											
Net sales	471,010	486,435	504,997	530,549	553,404	549,774	552,306	561,688	573,525	545,723	531,103
Gross profit	116,388	117,088	125,065	128,266	134,362	117,285	123,457	128,915	133,146	132,981	125,313
Operating income	22,119	20,816	23,368	22,402	24,343	26,354	29,818	31,261	33,067	32,048	28,303
Ordinary income	22,762	21,912	24,467	23,749	25,368	27,224	31,364	32,511	34,349	33,275	28,989
Profit attributable to owners of parent	10,613	9,449	12,291	12,567	13,366	16,973	17,093	18,099	18,320	18,698	11,378
Capital investments	12,596	13,418	20,916	27,122	30,111	32,369	32,968	27,182	32,105	28,569	26,102
Depreciation and amortization	13,129	13,641	14,089	14,572	16,132	19,094	18,254	16,794	18,215	18,649	20,073
Research and development expenses	3,172	3,232	3,421	3,660	3,882	4,201	4,028	4,058	4,142	4,156	3,963
Cash flows from operating activities (A)	25,731	23,405	33,246	27,369	34,392	28,094	45,260	27,234	41,778	43,916	34,955
Cash flows from investing activities (B)	(15,120)	(12,166)	(24,434)	(21,897)	(30,847)	(31,181)	(32,046)	(31,421)	(20,199)	(29,720)	(26,039)
Cash flows from financing activities	(5,381)	(19,583)	7,022	(2,307)	(3,149)	(7,101)	(5,805)	4,010	(15,293)	(4,602)	5
Free cash flow (A + B)	10,611	11,239	8,811	5,471	3,545	(3,086)	13,213	(4,186)	21,579	14,195	8,916
Cash and cash equivalents at the end of the fiscal year	33,121	24,509	40,387	43,963	44,788	34,841	40,790	41,411	47,970	56,777	65,777
Financial Condition (¥ million)											
Total assets	287,957	275,790	306,515	334,655	356,994	373,017	385,914	419,207	419,736	444,309	451,723
Interest-bearing debt	23,923	10,909	23,185	25,882	29,110	30,559	36,066	60,120	61,414	65,962	81,999
Total net assets	180,901	185,293	195,928	210,285	220,397	244,717	245,861	263,432	266,100	276,753	285,377
Per share data(¥)											
Earnings per share (EPS)	69.97	62.63	82.09	83.94	88.69	111.82	113.47	121.05	124.85	130.72	79.55
Net assets per share	1,029.26	1,068.67	1,141.68	1,230.32	1,284.36	1,403.05	1,420.63	1,539.94	1,582.27	1,646.73	1,674.58
Annual dividend	18.0	18.0	20.0	22.0	23.0	29.0	34.5	36.5	38.0	45.0 <sup>4</sup>	40.0
Management Indicators (%)											
Gross profit margin	24.7	24.1	24.8	24.2	24.3	21.3	22.4	23.0	23.2	24.4	23.6
Operating income ratio	4.7	4.3	4.6	4.2	4.4	4.8	5.4	5.6	5.8	5.9	5.3
Equity ratio	54.2	58.0	55.8	55.0	54.6	57.1	55.1	54.0	53.9	53.0	53.0
Return on equity (ROE)	7.0	6.0	7.4	7.1	7.0	8.3	8.0	8.2	8.1	8.1	4.8
Return on assets (ROA)	8.1	7.8	8.4	7.4	7.3	7.5	8.3	8.1	8.2	7.7	6.5
Dividend payout ratio	25.7	28.7	24.4	26.2	25.9	25.9	30.4	30.2	30.4	34.4	50.3
Dividend on equity ratio	1.8	1.7	1.8	1.9	1.8	2.2	2.4	2.5	2.4	2.8	2.4
<b>Non-Financial Information</b>											
Number of employees (consolidated)	11,732	12,028	12,425	12,598	12,933	13,478	14,095	14,924	14,808	15,452	16,003
Proportion of women in management positions (%) <sup>1</sup>	—	—	—	3.2	4.6	6.4	7.0	7.4	8.2	9.2	10.2
Proportion of persons with disabilities employed (%) <sup>2</sup>	—	—	—	2.1	2.5	2.7	3.0	3.3	3.5	3.6	3.7
CO <sub>2</sub> Emissions (1000t-CO <sub>2</sub> ) <sup>3</sup>	—	—	—	189	194	197	197	203	200	178	170

1. Kewpie Corporation employees

2. Domestic group companies (excluding distribution business)

3. Domestic group production factories

4. The dividend per share in FY2019 included a commemorative dividend of 5 yen in honor of the 100th anniversary of Kewpie's founding.

Notes: • The Group's accounting policy for sales was revised in FY2016, and a retroactive correction was applied to the values listed for FY2015.

• The "partial revision of 'Accounting Standards for Tax Effect Accounting'" was applied starting in FY2019. Figures for FY2018 have been retroactively adjusted to reflect this application.

# Stock Information (As of November 30, 2020)

## Share Overview

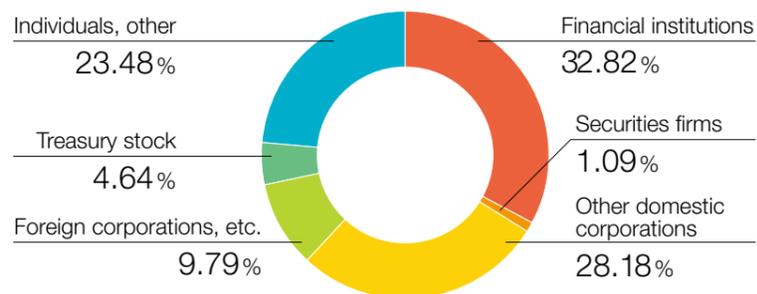
Number of Authorized Shares:  
500,000,000 shares

Number of Shares Issued:  
150,000,000 shares

Shares per Trading Unit:  
100 shares

Number of Shareholders:  
123,781

## Breakdown of Shareholders



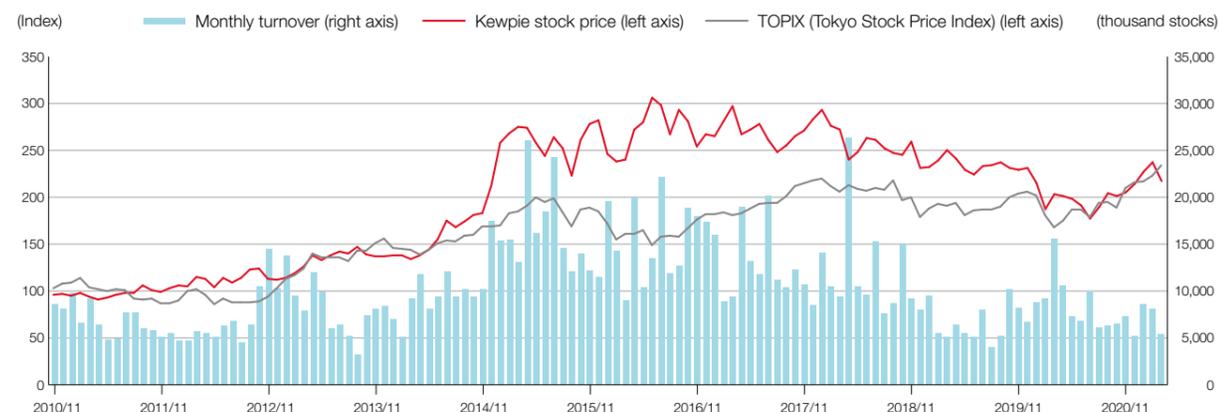
## Principal Shareholders

Trade Name	Number of the Company's Shares Held (thousand shares)	Ratio of Number of the Company's Shares Held (%) <sup>2</sup>
NAKASHIMATO CO., LTD.	15,071	10.54
The Master Trust Bank of Japan, Ltd. (Trust account)	9,206	6.44
TOHKA CO., LTD.	8,122	5.68
Custody Bank of Japan, Ltd. (Trust account)	7,181	5.02
Kieikai Research Foundation	4,251	2.97
Sumitomo Mitsui Banking Corporation	3,208	2.24
Mizuho Trust & Banking Co., Ltd. – Retirement Benefit Trusts, Mizuho Bank Ltd. Account <sup>1</sup> , Re-trust Trustee, Custody Bank of Japan, Ltd. (Trust Account)	3,157	2.21
Nippon Life Insurance Company	3,039	2.12
The Dai-ichi Life Insurance Company, Limited	3,012	2.11
Nakato Scholarship Foundation	2,494	1.74

1. The 3,157 thousand shares held by Mizuho Trust & Banking Co., Ltd. – Retirement Benefit Trusts, Mizuho Bank Ltd. Account, Re-Trust Trustee, Custody Bank of Japan, Ltd. (Trust Account), are the trust assets entrusted by Mizuho Bank for its retirement benefit trust.

2. The Company holds 6,959,200 shares of treasury stock. The ratio of number of the Company's shares held is calculated excluding the treasury stock.

## Share Price Movement



Note: Stock price index of Kewpie and TOPIX (November 30, 2010 = 100)

# Corporate Information (As of November 30, 2020)

## Corporate Data

Corporate Name: Kewpie Corporation  
 Location of Head Office: 1-4-13, Shibuya, Shibuya-ku, Tokyo, Japan  
 Founded: November 1919  
 Stock Exchange Listing: Tokyo Stock Exchange First Section (Ticker Code: 2809)  
 Paid-in Capital: ¥24,104 million  
 American Depositary Receipts (ADRs): OTC (Symbol: KWCPY)  
 Number of Employees (consolidated): 16,003  
 Transfer Agent: Sumitomo Mitsui Trust Bank, Limited  
 (non-consolidated): 2,426  
 Fiscal year: December 1 to November 30

## Ratings

Ratings Agency	Type	Rating	Rating Trend
Rating and Investment Information, Inc. (R&I)	Issuer rating	A+	Stable

## ESG External Evaluations

Kewpie Corporation continues to be selected for inclusion in leading ESG indices.

- MSCI Japan ESG Select Leaders Index
- S&P/JPX Carbon Efficient Index
- SOMPO Sustainability Index

## Kewpie Group

Legend: Retail Market (Green), Food Service Market (Yellow), Overseas (Blue), Fruit Solutions (Dark Blue), Fine Chemicals (Pink), Common Business (Grey)

Deria Foods Co., Ltd.	Sale of salads and delicatessen foods	BEIJING KEWPIE CO., LTD.	Production and sale of condiments
Ishikari Delica Co., Ltd.	Production and sale of delicatessen foods	Hangzhou Kewpie Corporation	Production and sale of condiments
Kitakami Delica Co., Ltd.	Production and sale of delicatessen foods	Nantong Kewpie Corporation	Production and sale of vinegar, processed egg and salads
Shunsai Deli Co., Ltd.	Production and sale of delicatessen foods	Kewpie China Corporation	Financial management and business management of the Company's local subsidiaries in China
Seto Delica Co., Ltd.	Production and sale of delicatessen foods	Guangzhou Kewpie Corporation	Production and sale of condiments
Hanshin Delica Co., Ltd.	Production and sale of delicatessen foods	Q&B FOODS, INC.	Production and sale of condiments
Tosu Delica Co., Ltd.	Production and sale of delicatessen foods	KEWPIE (THAILAND) CO.,LTD.	Production and sale of condiments, vinegar, salads, and processed foods
Salad Club, Inc.	Processing and sale of fresh vegetables	KEWPIE MALAYSIA SDN.BHD.	Production and sale of condiments
Soka Delica Co., Ltd.	Production and sale of delicatessen foods	KEWPIE VIETNAM CO., LTD.	Production and sale of condiments
Potato Delica Co., Ltd.	Production of frozen and chilled foods	PT. KEWPIE INDONESIA	Production and sale of condiments
Green Message Co., Ltd.	Processing and sale of fresh vegetables	Kewpie Philippines, Inc.	Sale of condiments
K.SS Co., Ltd.	Planning, production and services for sales promotion	Mosso Kewpie Poland Sp. z o.o.	Production and sale of condiments
Kpack Co., Ltd.	Production and sale of condiments	KEWPIE SINGAPORE PTE. LTD.	Sale of condiments
Dispen Pak Japan Co., Inc.	Production and sale of foods, subdividing and packing work	Kewpie Trading Europe B.V.	Sale of condiments
Tosu Kewpie Co., Ltd.	Production and processing of foods; outsourced work	Aohata Corporation	Production and sale of jams and fruit processed foods
Kewpie Egg Corporation	Production and sale of liquid, frozen and processed egg	Tou Kewpie Co., Ltd.	Mail-order business
Kewpie-Egg World Trading Co., Ltd.	Sale of egg and processed egg	San-ei Provisions Co., Ltd.	Sale of products for food service use
Zen-noh Kewpie Egg-station Co., Ltd.	Production and sale of dried egg and liquid egg	Shiba Seisakusyo Co., Ltd.	Production of machinery and equipment
Tsukuba Egg Processing Corporation	Production and sale of processed egg	K.System Co., Ltd.	Consigned financial statement services done by computers
Deft Co., Ltd.	Sale of condiments, frozen and processed foods	Kewpie Ai Co., Ltd.	Consigned data-entry and accounting treatment services done by computers
Kewpie Jyozo Co., Ltd.	Production and sale of vinegar	TO AD KEWPIE CO., LTD.	Agency service for advertising, publicity and exhibitions
Co-op Foods Co., Ltd.	Production and sale of bottled, canned, and retort pouch foods	KIFUKI U.S.A. CO., INC.	Investment in and management of U.S. associates
Hashikami Kewpie Co., Ltd.	Production and processing of foods; outsourced work		
Fujiyoshida Kewpie Co., Ltd.	Production and processing of foods; outsourced work		
		K.R.S Corporation	Warehousing and transportation

[www.kewpie.com/en/](http://www.kewpie.com/en/)