

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code of Japan: 2809

## **Kewpie Corporation**

### **NOTICE OF THE 107TH ORDINARY GENERAL MEETING**

Date and hour of meeting:

Thursday, February 27, 2020, at 10:00 a.m.

(Reception to start at 9:00 a.m.)

Shareholders are requested to consider arriving in good time as congestion is expected just before the meeting starts.

Place of meeting:

Hall A, Tokyo International Forum

Matters to be resolved:

Proposition No. 1: Election of eleven (11) Directors

Proposition No. 2: Election of one (1) Corporate Auditor

Proposition No. 3: Payment of bonuses to Directors

Proposition No. 4: Continuation of the Defense Plan Against Large Purchase Actions of the Shares of the Company (Takeover Defense Plan)

#### **TABLE OF CONTENTS**

---

Notice of the 107th Ordinary General Meeting of Shareholders .....	1
Exercise of Voting Rights	
Reference Document for the General Meeting of Shareholders .....	5
Proposition No. 1: Election of eleven (11) Directors	
Proposition No. 2: Election of one (1) Corporate Auditor	
Proposition No. 3: Payment of bonuses to Directors	
Proposition No. 4: Continuation of the Defense Plan Against Large Purchase Actions of the Shares of the Company (Takeover Defense Plan)	

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



February 6, 2020

To the Shareholders:

## NOTICE OF THE 107TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

Please take notice that the 107th Ordinary General Meeting of Shareholders of Kewpie Corporation (the "Company") will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing (by mailing a voting form) or via the Internet (please refer to pages 3 to 4). Please refer to the "Reference Document for the General Meeting of Shareholders" set forth on pages 5 to 56 and exercise your voting rights.

Yours very truly,

Osamu Chonan  
Representative Director  
President and Chief Executive  
Corporate Officer

Kewpie Corporation  
4-13, Shibuya 1-chome,  
Shibuya-ku, Tokyo

### Description

1. Date and hour of meeting:

Thursday, February 27, 2020, at 10:00 a.m.

2. Place of meeting:

Hall A, Tokyo International Forum  
5-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## 3. Agenda of the meeting:

### Matters to be reported:

1. Report on the Business Report and Consolidated Financial Statements for the fiscal year 2019 (from December 1, 2018 to November 30, 2019) and the results of audit of the Consolidated Financial Statements by the account auditors and the Board of Corporate Auditors
2. Report on the Non-consolidated Financial Statements for the fiscal year 2019 (from December 1, 2018 to November 30, 2019)

### Matters to be resolved:

- Proposition No. 1: Election of eleven (11) Directors
- Proposition No. 2: Election of one (1) Corporate Auditor
- Proposition No. 3: Payment of bonuses to Directors
- Proposition No. 4: Continuation of the Defense Plan Against Large Purchase Actions of the Shares of the Company (Takeover Defense Plan)

E N D

### Information Available on our Website

- If any amendment is made to the Reference Document for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements, it will be publicized on the Internet website of the Company.

Internet website of the Company:  
<https://www.kewpie.com/ir/library/meeting/> (Japanese)

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## Exercise of Voting Rights

### **Attending the General Meeting of Shareholders in person**

#### **Attendance at the General Meeting of Shareholders**

Date and hour of meeting: **Thursday, February 27, 2020, at 10:00 a.m.**  
Place of meeting: **Hall A, Tokyo International Forum**

Please present the enclosed voting form to the receptionists.

### **Not attending the General Meeting of Shareholders in person**

#### **Exercise of voting rights in writing (by mail)**

Time frame: Must reach us no later than **5:30 p.m., Wednesday, February 26, 2020**

Please return by mail the enclosed voting form after filling out your approval or disapproval for each proposition.

- If no approval or disapproval of each proposition is indicated, you will be deemed to have approved it.
- To disapprove any candidate(s) in Propositions No. 1 :  
Put  in the column of "Approve" and specify the candidate number(s) you wish to reject.

#### **Exercise of voting rights via the Internet**

Time frame: No later than **5:30 p.m., Wednesday, February 26, 2020**

For details, please refer to the next page and enter your approval or disapproval for each proposition.

### Treatment of multiple exercise of voting rights

- (1) If voting rights are exercised both in writing (by mail) and via the Internet, the voting rights exercised via the Internet shall be treated as valid.
- (2) If voting rights are exercised twice or more times via the Internet, the latest exercise thereof shall be treated as valid.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## ◆ Procedures for Exercise of Voting Rights via the Internet

### Via the "website for the exercise of voting rights"

1. Access the website for the exercise of voting rights

**<https://www.web54.net>**

Click on "次へすすむ" ("NEXT").

2. Enter the code for the exercise of voting rights

Enter the "code for the exercise of voting rights" (議決権行使コード) indicated at the bottom left of the voting form and click on "ログイン" ("Log in").

3. Enter the password

Enter the "password" (パスワード) indicated at the bottom left of the voting form and click on "次へ" ("NEXT").

\* The next screen will prompt you to change a password.  
Please manage the updated password in a secure way.

4. Enter your approval or disapproval for each proposition by following the instructions displayed on the screen.

### Contact for inquires:

Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Agency Business Planning Dept.  
Web Support Dedicated Dial:  
Phone No: 0120-652-031 (available at 9:00 a.m. through 9:00 p.m.)

\*Institutional investors may use the "ICJ Platform", a platform for electronic exercise of voting rights for institutional investors operated by ICJ Inc. as long as applications are made to that effect in advance.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## **REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS**

### **Proposition No. 1: Election of eleven (11) Directors**

The term of office of all Directors currently in office (Messrs. Amane Nakashima, Osamu Chonan, Kengo Saito, Tadaaki Katsuyama, Nobuo Inoue, Seiya Sato, Yoshinori Hamachiyo, Minoru Himeno, Masato Shinohara, Kazunari Uchida and Ms. Shihoko Urushi (11 in all)) will expire at the close of this General Meeting of Shareholders. In that regard, it is proposed that eleven (11) Directors be elected.

The candidates for Director are as follows:

Please refer to "Regarding the Board of Directors and Board of Corporate Auditors System (Planned) After the Closing of the General Meeting of Shareholders" on page 24 for the titles and assignments of the candidates, which shall come into effect upon the closing of this General Meeting of Shareholders.

For independence criteria for outside Directors, please refer to page 23.

Outside: Outside Director  
Independent: Independent Officer

○: Member of Nominating and Remuneration Committee (●: Chair)

Candidate Number	Name	Title	Assignment			Number of Board of Directors' meetings attended for the fiscal year 2019
1	Amane Nakashima	Chairman	Chairman of the Board of Directors In charge of Compliance and Brand	Reelection	○	12/12
2	Osamu Chonan	Representative Director	President and Chief Executive Corporate Officer in charge of Customer Marketing Office	Reelection	○	12/12
3	Kengo Saito	Director	Senior Executive Corporate Officer in charge of Egg Business President and Representative Director of Kewpie Egg Corporation	Reelection		12/12
4	Tadaaki Katsuyama	Director	Executive Corporate Officer in charge of Group Production in general and Quality Assurance Division	Reelection		12/12
5	Nobuo Inoue	Director	Executive Corporate Officer in charge of Management Promotion Division, Public Relations and CSR Division, Personnel Affairs Division, Logistics Management Division and Risk Management	Reelection	○	12/12

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331




Candidate Number	Name	Title	Assignment			Number of Board of Directors' meetings attended for the fiscal year 2019
6	Seiya Sato	Director	Executive Corporate Officer in charge of Condiments and Processed Foods Business and Group Sales in general	Reelection		12/12
7	Yoshinori Hamachiyo	Director	Senior Corporate Officer in charge of R&D Division and Intellectual Property Division and Senior General Manager of R&D Division	Reelection		12/12
8	Minoru Himeno	Director	Senior Corporate Officer in charge of Salads and Delicatessen Business	Reelection		Since assuming the office of Director: 10/10
9	Masato Shinohara	Director	Senior Corporate Officer in charge of Overseas Business in general and Overseas Division	Reelection		Since assuming the office of Director: 10/10
10	Kazunari Uchida	Outside Director		Reelection Outside Independent	●	11/12
11	Shihoko Urushi	Outside Director		Reelection Outside Independent	○	11/12

(Note) The titles and assignments are those at the Kewpie Group (the "Group") at the time of the sending of this notice.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331




	Candidate Number <b>1</b> (Reelection) Member of Nominating and Remuneration Committee <b>Amane Nakashima</b> (Date of birth: September 26, 1959)	<b>Reason for nomination for Director</b> As Chairman of the Board of Directors, Mr. Nakashima has conducted the management of board meetings in an objective manner, and based on the Company's "spirit of foundation", he has fulfilled a vital role of education and guidance in matters related to compliance and brand. We judge that, having fulfilled his duties as Director of the Company appropriately, he meets the Company's nomination policy and nominate him once again as a candidate for Director. In the event that he is reelected as Director, it is planned that he will also take on the duties of Chairman.
Number of shares of the Company held by Candidate		280,681 shares
Number of Board of Directors' meetings attended for the fiscal year 2019		12/12
Number of years in office as a Director		23 years
<b>Brief history, title, assignment and important concurrent office</b>		
April 1983	Joined The Industrial Bank of Japan, Limited (currently, Mizuho Bank, Ltd.)	
October 1993	Joined NAKASHIMATO CO., LTD. General Manager, Accounting Department of NAKASHIMATO CO., LTD.	
February 1995	Director of NAKASHIMATO CO., LTD.	
February 1997	Director of the Company	
July 2000	General Manager, Legal Department of the Company	
February 2003	Vice President and Director of NAKASHIMATO CO., LTD.	
February 2005	Director of NAKASHIMATO CO., LTD. Executive Corporate Officer of the Company General Manager, Environment Office of the Company	
July 2005	General Manager, Social and Environment Promotion Office of the Company	
October 2009	Senior General Manager, CSR Promotion Department of the Company	
February 2010	<b>President and Director of NAKASHIMATO CO., LTD.</b> , to this date	
February 2014	Senior Executive Corporate Officer of the Company	
February 2016	<b>Chairman of the Company</b> , to this date	
Special interest with the Company The Company has business relationships, including purchase of products, sales of goods and products and expense transactions, with NAKASHIMATO CO., LTD., for which Mr. Amane Nakashima is servicing as President and Director. All transactions are determined individually upon consultation by reference to market prices, etc., as with other transactions in general.		



# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331




	Candidate Number <b>2</b>	<b>Reason for nomination for Director</b> Mr. Chonan has worked to improve corporate value by advancing Group management as Representative Director of the Company. We judge that he meets the Company's nomination policy and nominate him once again as a candidate for Director. In the event that he is reelected as Director, it is planned that he will also take on the duties of Representative Director, President and Chief Executive Corporate Officer.
	(Reelection) Member of Nominating and Remuneration Committee <b>Osamu Chonan</b> (Date of birth: May 16, 1956)	
Number of shares of the Company held by Candidate		20,200 shares
Number of Board of Directors' meetings attended for the fiscal year 2019		12/12
Number of years in office as a Director		6 years
<b>Brief history, title, assignment and important concurrent office</b>		
April 1980	Joined the Company	
July 2001	Branch Manager, Sendai Branch Office of the Company	
November 2006	General Manager, Wide-Area Retail Sales Dept. of the Company	
September 2008	Branch Manager, Osaka Branch Office of the Company	
July 2012	Branch Manager, Tokyo Branch Office of the Company	
February 2013	Corporate Officer of the Company	
February 2014	Director of the Company	
	Senior General Manager, Wide-Area Sales Division of the Company	
February 2016	Executive Corporate Officer of the Company	
	In charge of Delicatessen Products Business (currently, Salads and Delicatessen Business) of the Company	
February 2017	<b>Representative Director of the Company, to this date</b> <b>President and Chief Executive Corporate Officer of the Company, to this date</b> In charge of Division of Marketing of the Company	
October 2018	<b>In charge of Customer Marketing Office of the Company, to this date</b>	
Special interest with the Company None		

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331




	Candidate Number <b>3</b> (Reelection)	<b>Reason for nomination for Director</b> As Director in charge of the Egg Business, Mr. Saito has worked to improve business value. For these reasons, we judge that he meets the Company's nomination policy and nominate him once again as a candidate for Director. In the event that he is reelected as Director, it is planned that he will also take on the duties of Senior Executive Corporate Officer.
	<b>Kengo Saito</b> (Date of birth: November 26, 1956)	
Number of shares of the Company held by Candidate		11,900 shares
Number of Board of Directors' meetings attended for the fiscal year 2019		12/12
Number of years in office as a Director		5 years
<b>Brief history, title, assignment and important concurrent office</b>		
April 1979	Joined the Company	
August 1999	Branch Manager, Sapporo Branch Office of the Company	
July 2002	Branch Manager, Fukuoka Branch Office of the Company	
July 2004	Branch Manager, Osaka Branch Office of the Company	
September 2008	Branch Manager, Tokyo Branch Office of the Company	
July 2012	Senior General Manager, Division of Food Services of the Company	
February 2013	Corporate Officer of the Company	
February 2015	<b>Director of the Company</b> , to this date Senior Corporate Officer of the Company <b>In charge of Egg Products Business (currently, Egg Business) of the Company</b> , to this date	
February 2016	Executive Corporate Officer of the Company	
December 2018	<b>President and Representative Director of Kewpie Egg Corporation</b> , to this date	
February 2019	<b>Senior Executive Corporate Officer of the Company</b> , to this date	
Special interest with the Company		
None		

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331




	Candidate Number <b>4</b> (Reelection)	<b>Reason for nomination for Director</b> As Director, Mr. Katsuyama has promoted the Group's overseas development, enhancement of productivity and initiatives for safety and reliability of the products. For these reasons, we judge that, possessing such experience, he meets the Company's nomination policy and nominate him once again as a candidate for Director. In the event that he is reelected as Director, it is planned that he will also take on the duties of Executive Corporate Officer.
	<b>Tadaaki Katsuyama</b> (Date of birth: December 1, 1957)	
Number of shares of the Company held by Candidate		17,600 shares
Number of Board of Directors' meetings attended for the fiscal year 2019		12/12
Number of years in office as a Director		12 years
<b>Brief history, title, assignment and important concurrent office</b>		
April 1980	Joined the Company	
July 2002	Plant Manager, Sengawa Plant of the Company	
July 2004	Deputy Senior General Manager, Division of Production of the Company	
July 2005	Senior General Manager, Division of Production of the Company	
February 2008	Director of the Company	
February 2012	Executive Corporate Officer of the Company In charge of Overseas Business in general of the Company as deputy	
February 2014	In charge of Overseas Business in general of the Company	
February 2016	<b>Director of the Company</b> , to this date <b>Executive Corporate Officer of the Company</b> , to this date Senior General Manager, Overseas Division of the Company	
February 2019	<b>In charge of Group Production in general</b> , to this date	
Special interest with the Company		
None		

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331




	Candidate Number <b>5</b> (Reelection) Member of Nominating and Remuneration Committee	<b>Reason for nomination for Director</b> In addition to promoting the Group's management reforms and the medium-term business plan as Director, Mr. Inoue has participated in management from a broad ranging perspective as the person in charge of Public Relations and CSR Division and Personnel Affairs Division. We judge that, having carried out company management from a broad standpoint, he meets the Company's nomination policy and nominate him once again as a candidate for Director. In the event that he is reelected as Director, it is planned that he will also take on the duties of Executive Corporate Officer.
	<b>Nobuo Inoue</b> (Date of birth: May 16, 1960)	
Number of shares of the Company held by Candidate		14,000 shares
Number of Board of Directors' meetings attended for the fiscal year 2019		12/12
Number of years in office as a Director		10 years
<b>Brief history, title, assignment and important concurrent office</b>		
April 1983	Joined the Company	
July 2004	General Manager, Corporate Planning Office of the Company	
October 2009	Deputy Senior General Manager, Management Promotion Division of the Company	
December 2009	Senior General Manager, Management Promotion Division of the Company	
February 2010	<b>Director of the Company</b> , to this date	
February 2016	<b>Executive Corporate Officer of the Company</b> , to this date	
Special interest with the Company		
None		

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331




	Candidate Number <b>6</b> (Reelection)	<b>Reason for nomination for Director</b> As Director in charge of the Condiments and Processed Foods Business, Mr. Sato has worked to improve business value by pursuing selection and concentration. For these reasons, we judge that he meets the Company's nomination policy and nominate him once again as a candidate for Director. In the event that he is reelected as Director, it is planned that he will also take on the duties of Executive Corporate Officer.
	<b>Seiya Sato</b> (Date of birth: August 2, 1959)	
Number of shares of the Company held by Candidate		5,900 shares
Number of Board of Directors' meetings attended for the fiscal year 2019		12/12
Number of years in office as a Director		3 years
<b>Brief history, title, assignment and important concurrent office</b>		
April 1982	Joined the Company	
July 2004	Branch Manager, Kanto Branch Office of the Company	
October 2008	General Manager, Household Sales Dept., Wide-Area Sales Division of the Company	
December 2009	Senior General Manager, Wide-Area Sales Division of the Company	
July 2012	Branch Manager, Osaka Branch Office of the Company	
February 2013	Corporate Officer of the Company	
February 2015	Branch Manager, Tokyo Branch Office of the Company	
February 2017	<b>Director of the Company</b> , to this date Senior Corporate Officer of the Company In charge of Delicatessen Products Business (currently, Salads and Delicatessen Business) of the Company	
February 2019	<b>Executive Corporate Officer of the Company</b> , to this date <b>In charge of Condiments and Processed Foods Business of the Company</b> , to this date <b>In charge of Group Sales in general of the Company</b> , to this date	
Special interest with the Company None		

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331




	Candidate Number <b>7</b> (Reelection)	<b>Reason for nomination for Director</b> As Director, Mr. Hamachiyo has promoted initiatives to protect brand value and create new value through the use of the Group's technology. For these reasons, we judge that he meets the Company's nomination policy and nominate him once again as a candidate for Director. In the event that he is reelected as Director, it is planned that he will also take on the duties of Senior Corporate Officer.
	<b>Yoshinori Hamachiyo</b> (Date of birth: February 13, 1961)	
Number of shares of the Company held by Candidate		20,600 shares
Number of Board of Directors' meetings attended for the fiscal year 2019		12/12
Number of years in office as a Director		3 years
<b>Brief history, title, assignment and important concurrent office</b>		
April 1984	Joined the Company	
July 2010	General Manager, Intellectual Property Division of the Company	
February 2012	General Manager, Intellectual Property Office of the Company	
February 2014	Corporate Officer of the Company	
February 2015	<b>Senior General Manager, R&amp;D Division of the Company, to this date</b>	
February 2017	<b>Director of the Company, to this date</b> <b>Senior Corporate Officer of the Company, to this date</b>	
Special interest with the Company		
None		

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331




	Candidate Number <b>8</b> (Reelection)	<b>Reason for nomination for Director</b> As Director in charge of the Salads and Delicatessen Business, Mr. Himeno has worked to improve business value by addressing new initiatives. For these reasons, we judge that he meets the Company's nomination policy and nominate him once again as a candidate for Director. In the event that he is reelected as Director, it is planned that he will also take on the duties of Senior Corporate Officer.
	<b>Minoru Himeno</b> (Date of birth: August 25, 1957)	
Number of shares of the Company held by Candidate	1,500 shares	
Number of Board of Directors' meetings attended for the fiscal year 2019	Since assuming the office of Director: 10/10	
Number of years in office as a Director	1 year	
<b>Brief history, title, assignment and important concurrent office</b>		
March 1976	Joined the Company	
December 2009	Plant Manager, Production Department of Saika Co., Ltd.	
October 2011	General Manager, Production Administration Department, Division of Production of Deria Foods Co., Ltd.	
February 2012	Senior General Manager, Division of Production of Deria Foods Co., Ltd.	
February 2015	Representative Director and President of Deria Foods Co., Ltd.	
February 2019	<b>Director of the Company</b> , to this date <b>Senior Corporate Officer of the Company</b> , to this date <b>In charge of Salads and Delicatessen Business of the Company</b> , to this date	
Special interest with the Company	None	

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331




	Candidate Number <b>9</b> (Reelection)	<b>Reason for nomination for Director</b> As Director, being engaged in management of overseas businesses in general, Mr. Shinohara has promoted growth overseas. We judge that, possessing such experience, he meets the Company's nomination policy and nominate him once again as a candidate for Director. In the event that he is reelected as Director, it is planned that he will also take on the duties of Senior Corporate Officer.
	<b>Masato Shinohara</b> (Date of birth: July 4, 1961)	
Number of shares of the Company held by Candidate	6,800 shares	
Number of Board of Directors' meetings attended for the fiscal year 2019	Since assuming the office of Director: 10/10	
Number of years in office as a Director	1 year	
<b>Brief history, title, assignment and important concurrent office</b>		
April 1985	Joined the Company	
November 2006	Plant Manager, Sengawa Plant of the Company	
March 2011	Production Technology Department, Division of Production of the Company	
July 2011	Deputy Senior General Manager, Division of Production of the Company	
February 2013	Corporate Officer of the Company	
February 2014	Senior General Manager, Management Promotion Division of the Company	
February 2019	<b>Director of the Company</b> , to this date <b>Senior Corporate Officer of the Company</b> , to this date <b>In charge of Overseas Business in general of the Company</b> , to this date	
Special interest with the Company	None	



# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331




	Candidate Number <b>10</b> (Reelection) (Outside) (Independent) Chair of Nominating and Remuneration Committee	<b>Reason for nomination for outside Director</b> Mr. Uchida possesses a high level of expertise and broad ranging insights regarding corporate management and provides useful opinions and suggestions with a view to raising corporate values in medium and long term. For these reasons, we deem that he meets the Company's nomination policy and nominate him once again as a candidate for outside Director.
	<b>Kazunari Uchida</b> (Date of birth: October 31, 1951) (Notes 1, 2, 4 and 6)	
Number of shares of the Company held by Candidate	2,300 shares	
Number of Board of Directors' meetings attended for the fiscal year 2019	11/12	
Number of years in office as a Director	5 years	
<b>Brief history, title, assignment and important concurrent office</b>		
January 1985	Joined Boston Consulting Group	
November 1999	Senior Vice President of Boston Consulting Group	
June 2000	Japan Representative and President of Boston Consulting Group	
March 2006	External Auditor of Suntory, Ltd. (currently, Suntory Holdings Limited)	
April 2006	<b>Professor of Graduate School of Commerce at Waseda University</b> , to this date	
February 2012	Outside Corporate Auditor of the Company	
June 2012	Outside Director of MITSUI-SOKO Co., Ltd. (currently, MITSUI-SOKO HOLDINGS Co., Ltd.)	
June 2012	Outside Director of LIFENET INSURANCE COMPANY	
August 2012	Outside Director of Japan ERI Co., Ltd.	
December 2013	Outside Director of ERI Holdings Co., Ltd.	
February 2015	<b>Outside Director of the Company</b> , to this date	
March 2016	<b>External Director of Lion Corporation</b> , to this date	
Special interest with the Company	None	

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



	Candidate Number <b>11</b> (Reelection) (Outside) (Independent) Member of Nominating and Remuneration Committee	<b>Reason for nomination for outside Director</b> Ms. Urushi not only has abundant experience as an educator, but is also full of drive and passion as a corporate executive, and provides useful opinions and suggestions from the perspectives of both human resource training and corporate management. For these reasons, we deem that she meets the Company's nomination policy and nominate her once again as a candidate for outside Director.
	<b>Shihoko Urushi</b> (Date of birth: April 4, 1961) (Notes 1, 3, 5 and 6)	
Number of shares of the Company held by Candidate		0 shares
Number of Board of Directors' meetings attended for the fiscal year 2019		11/12
Number of years in office as a Director		4 years
<b>Brief history, title, assignment and important concurrent office</b>		
April 1986	Worked at a combined private junior high and high school for girls in Tokyo	
April 1989	Worked at Shinagawa Joshi Gakuin	
April 2006	Principal of Shinagawa Joshi Gakuin	
September 2014	<b>Member of the Education Rebuilding Implementation Council (Cabinet Office)</b> , to this date	
February 2016	<b>Outside Director of the Company</b> , to this date	
April 2017	<b>President of Shinagawa Joshi Gakuin</b> , to this date Principal of Shinagawa Joshi Gakuin Junior High School	
April 2018	<b>Outside Director of Culture Convenience Club Co., Ltd.</b> , to this date	
June 2019	<b>Outside Director of Nisshin Fire &amp; Marine Insurance Co., Ltd.</b> , to this date	
Special interest with the Company None		

- (Notes) 1. Mr. Kazunari Uchida and Ms. Shihoko Urushi are candidates for outside Director. Should the election to the position of outside Director be approved for both candidates, the Company plans for them to become independent officers in accordance with the provisions of Tokyo Stock Exchange, Inc.
2. Mr. Kazunari Uchida is an external Director of Lion Corporation. There is no special interest between the Company and the said company. He satisfies the Company's "Independence Criteria for Outside Corporate Officers" as well. Consequently, there is no risk of this having an impact on his independence.
3. Ms. Shihoko Urushi is Outside Director of Culture Convenience Club Co., Ltd and Nisshin Fire & Marine Insurance Co., Ltd. There is no special interest between the Company and the said companies. She satisfies the Company's "Independence Criteria for Outside Corporate Officers" as well. Consequently, there is no risk of this having an impact on her independence.
4. The current term of service as an outside Director of the Company of Mr. Kazunari Uchida shall be five (5) years as of the closing of this General Meeting of Shareholders. For a period of three (3) years from February 28, 2012 to February 26, 2015, he served as an outside Corporate Auditor of the Company.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



5. The current term of service as an outside Director of the Company of Ms. Shihoko Urushi shall be four (4) years as of the closing of this General Meeting of Shareholders. Although she served as an outside member of the Management Advisory Board of the Company from December 1, 2014 to November 30, 2015, she satisfies the Company's "Independence Criteria for Outside Corporate Officers". Consequently, there is no risk of this having an impact on her independence.
6. The Company has entered into an agreement to limit liability for damages with Mr. Kazunari Uchida and Ms. Shihoko Urushi pursuant to Article 427, paragraph 1 of the Companies Act of Japan (the "Companies Act") and Article 28 of the Articles of Incorporation of the Company. If their election as outside Directors is approved and adopted as proposed, the Company intends to continue such agreements. The amount of maximum liability stipulated in the agreement is determined by each of the respective items under Article 425, paragraph 1 of the Companies Act, and this limitation of liability shall apply only when the above outside Directors have acted in good faith and without gross negligence in performing the duties giving rise to the liability.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## Proposition No. 2: Election of one (1) Corporate Auditor

To reinforce the audit system, the Company requests the election of one (1) Corporate Auditor. When this proposition is approved and adopted as proposed, the Company will have five (5) Corporate Auditors (including three (3) outside Corporate Auditors).


The candidate for Corporate Auditor is as follows.

The Board of Corporate Auditors has consented to this proposition.

Please refer to "Regarding the Board of Directors and Board of Corporate Auditors System (Planned) After the Closing of the General Meeting of Shareholders" on page 24 for the planned composition of the Board of Corporate Auditors which shall come into effect upon the closing of this General Meeting of Shareholders.

For independence criteria for outside Corporate Auditor, please refer to page 23.

Independent: Independent Officer (in accordance with the requirements for independent officers stipulated by the Tokyo Stock Exchange)  
Outside: Outside Corporate Auditor

	(New election) (Outside) (Independent) <b>Mika Kumahira</b> (Date of birth: September 22, 1960) (Notes 1, 2 and 3)	<b>Reason for nomination for outside Corporate Auditor</b> Ms. Kumahira has experiences in company management in and out of Japan and possesses an expertise in corporate transformation and leadership development as well. On that basis, we judge that she is capable for providing useful opinions and suggestions for the Company regarding overall business management and human resources development. For these reasons, we deem that she meets the Company's nomination policy and nominate her as a candidate for outside Corporate Auditor.
Number of shares of the Company held by Candidate		0 shares
<b>Brief history, title and important concurrent office</b>		
April 1985	Joined Kumahira Co., Ltd.	
May 1989	Director of Kumahira Co., Ltd.	
June 1990	Executive Corporate Officer of Tokyo Kumahira Co., Ltd.	
April 1993	Representative Director of The Bear Group Inc.	
April 1997	<b>Representative Director of Atech Kumahira Co., Ltd.</b> , to this date	
April 2004	Outside Director of Culture Convenience Club Co., Ltd.	
April 2011	<b>Representative Director of KUMAHIRA SECURITY FOUNDATION</b> , to this date	
April 2014	<b>Principal of Institute of Diversity Promotion, Career College of Showa Women's University</b> , to this date	
September 2015	<b>Representative Director of Learning-21 Organization</b> , to this date	
June 2019	<b>Outside Director of NITTAN VALVE CO., LTD.</b> , to this date	
Special interest with the Company		
None		

(Notes) 1. Ms. Mika Kumahira is a candidate for outside Corporate Auditor. Should the election to the position of outside Corporate Auditor be approved for the candidate, the Company

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



plans for her to become an independent officer in accordance with the provisions of Tokyo Stock Exchange, Inc.

2. Ms. Mika Kumahira is Representative Director of Atech Kumahira Co., Ltd. and Outside Director of NITTAN VALVE CO., LTD. There is no special interest between the Company and the said companies. She satisfies the Company's "Independence Criteria for Outside Corporate Officers" as well. Consequently, there is no risk of this having an impact on her independence.
3. The Company has entered into an agreement to limit liability for damages with each outside Corporate Auditor pursuant to Article 427, paragraph 1 of the Companies Act and Article 38 of the Articles of Incorporation of the Company. If the election of Ms. Kumahira as outside Corporate Auditor is approved and adopted as proposed, the Company intends to enter into such agreement. The amount of maximum liability stipulated in the agreement is determined by each of the respective items under Article 425, paragraph 1 of the Companies Act, and this limitation of liability shall apply only when the above outside Corporate Auditor has acted in good faith and without gross negligence in performing the duties giving rise to the liability.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## Policies and Procedures for Election of Directors and Corporate Auditor

### <Policy for nomination of Director candidates>

The Board of Directors of the Company, in working to follow the mandate of the shareholders, shall have responsibilities to respect corporate philosophy, promote sustainable corporate growth and the improvement of corporate value over the medium to long term, and enhance earnings power and capital efficiency. Concerning the election of Directors, 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 these values.
- 2) Must possess abundant knowledge on domestic and international market trends concerning the Group business.
- 3) Must possess excellent competency in objective managerial judgment and business execution that contributes 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, human resource development, and CSR and possess abundant experience and expertise in such fields.
- 2) Must have high affinity with 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 when deemed timely and appropriate to do so.
- 3) Must secure sufficient time to perform duties as an outside Director of the Company.

### <Policy for nomination of Corporate Auditor candidates>

The Corporate Auditors, in working to follow the mandate of the shareholders, shall have responsibilities to strive to prevent occurrences of infringements of laws and regulations and the Articles of Incorporation and maintain and improve the soundness of the Group's management and its trust from society. Concerning the election of Corporate Auditors, 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 Corporate Auditor*

- 1) Must respect the corporate philosophy of the Company and embody these values.
- 2) Must maintain a stance of fairness and possess the capability to fulfill auditing duties.
- 3) Must have an overall grasp of the Group operations 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, human resource development, and CSR and possess abundant experience and expertise in such fields.
- 2) Must have high affinity with 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 duties as an outside Corporate Auditor of the Company.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## <Procedures for nomination of Corporate Officer candidates>

Concerning the nomination of candidates for Directors and Corporate Auditors, the Board of Directors will deliberate and decide after discussions in a meeting of the Nomination and Remuneration Committee.

As for candidates for Corporate Auditors, election propositions for the General Meeting of Shareholders must be approved by the Board of Corporate Auditors pursuant to stipulations in the Companies Act.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## Independence Criteria for Outside Corporate Officers

To judge the independence of outside Directors and outside Corporate Auditors as stipulated in the Companies Act, we check the requirements for independent officers stipulated by Tokyo Stock Exchange, Inc. as well as checking whether the following apply.

- 1) A major shareholder of the Group (holding 10% or more of voting rights either directly or indirectly), or a person who executes business for a major shareholder of the Group (\*1)
  - 2) A person/entity for which the Group is a major client, or a person who executes business for such person/entity (\*2)
  - 3) A major client of the Group or a person who executes business for such client (\*3)
  - 4) A person who executes business for a major lender of the Group (\*4)
  - 5) A representative employee or employee of the account auditor for the Group
  - 6) A provider of expert services, such as a consultant, attorney at law, or certified public accountant, who receives cash or other assets exceeding ¥10 million in one business year other than Director/Corporate Auditor compensation from the Group
  - 7) A person/entity receiving contributions from the Group exceeding ¥10 million in one business year, or a person who executes business for such person/entity
  - 8) A person to whom any one of 1) to 7) above has applied in the past three business years
  - 9) Where any of 1) to 8) apply to a key person, the spouse or relative within two degrees of kinship of such person (\*5)
  - 10) A special reason other than the preceding items that will prevent the person from performing their duties as an independent outside corporate officer, such as the potential for a conflict of interest with the Company
- \*1 A person who executes business means an executive director, executive officer, executive, or other employee, etc.
- \*2 A person/entity for which the Group is a major client means a person/entity who receives payments from the Group amounting to at least the higher of either 2% of their consolidated net sales or ¥100 million.
- \*3 A major client of the Group means a client that makes payments to the Group amounting to at least the higher of either 2% of the Group's consolidated net sales or ¥100 million.
- \*4 A major lender of the Group means a lender named as a major lender in the Group's Business Report.
- \*5 A key person means a director (excluding outside directors), corporate auditor (excluding outside corporate auditors), executive officer, executive, or other person in the rank of senior general manager or above, or a corporate officer corresponding to these positions.



# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## Regarding the Board of Directors and Board of Corporate Auditors System (Planned) After the Closing of the General Meeting of Shareholders

Outside: Outside Director or Outside Corporate Auditor  
Independent: Independent Officer

○: Member of Nominating and Remuneration Committee (●: Chair)

Name	Title	Assignment		
Amane Nakashima	Chairman	Chairman of the Board of Directors In charge of Compliance and Brand		○
Osamu Chonan	Representative Director	President and Chief Executive Corporate Officer in charge of Customer Marketing Office		○
Kengo Saito	Director	Senior Executive Corporate Officer in charge of Egg Business		
Tadaaki Katsuyama	Director	Executive Corporate Officer in charge of Group Production in general and Quality Assurance Division		
Nobuo Inoue	Director	Executive Corporate Officer in charge of Management Promotion Division, Personnel Affairs Division, Public Relations and Group Communications Office, Risk Management and Sustainability		○
Seiya Sato	Director	Executive Corporate Officer in charge of Condiments and Processed Foods Business and Group Sales in general		
Yoshinori Hamachiyo	Director	Senior Corporate Officer in charge of Fine Chemical Division, R&D Division, Intellectual Property Division, Food Culture and Health Promotion Project		
Minoru Himeno	Director	Senior Corporate Officer in charge of Salads and Delicatessen Business		
Masato Shinohara	Director	Senior Corporate Officer in charge of Overseas Business in general and Overseas Division		
Kazunari Uchida	Outside Director		Outside Independent	●
Shihoko Urushi	Outside Director		Outside Independent	○
Kiyotaka Yokokoji	Corporate Auditor	Full-time		
Norimitsu Yamagata	Corporate Auditor	Full-time		
Emiko Takeishi	Outside Corporate Auditor		Outside Independent	
Kazumine Terawaki	Outside Corporate Auditor		Outside Independent	○
Mika Kumahira	Outside Corporate Auditor		Outside Independent	

(Note) The titles and assignments are those at the Group.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## **Proposition No. 3: Payment of bonuses to Directors**

It is hereby proposed that the aggregate of ¥84,840 thousand as Directors' bonuses be paid to nine (9) Directors, excluding outside Directors, in office as at the end of the fiscal year 2019 in consideration of the operating results and other factors for the year and that the determination of the actual amounts for the respective Directors be left to the Board of Directors.

For information on the method of calculating bonuses, please refer to the following.

Starting in the fiscal year 2019, the Company has reviewed the monthly compensation and the method of calculating bonuses for Corporate Officers and has a higher weight of bonuses than before to no less than 30% of the basic amount of total annual remuneration paid to Directors.

Accordingly, the total amount of bonuses for Directors has increased by ¥26,920 thousand compared to the fiscal year 2018 while the total amount (the total of the monthly compensation and bonuses) paid to one Director (other than outside Director) has decreased by ¥5,580 thousand as a result of considering various factors, including the performance in the fiscal year 2019.

## **Policy on Determining Officer Compensation (Effective from December 1, 2018)**

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

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

The rationale and calculation methods with respect to compensation of the directors and corporate auditors are as follows:

### **1. Rationale and procedures for compensation of Directors, Corporate Auditors, and Corporate Officers**

- 1) The Company institutes a compensation system for compensation of Directors and Corporate Officers that consists of monthly remuneration and bonuses, which is linked with company financial performance and reflects their responsibilities and achievements.
- 2) The Company discusses the rationale (system design) at the meeting of Nomination and Remuneration Committee (an advisory body to the Board of Directors in which more than half of the Committee members are outside corporate officers who satisfy "Independence Criteria" separately defined by the Company, and whose chairman is an outside director), and improves its objectivity, appropriateness and transparency.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



- 3) The total amount of bonuses paid to Directors must be approved at a general meeting of shareholders.
- 4) The amounts of compensations paid to outside Directors and Corporate Auditors (inside and outside) shall respectively be fixed and no bonuses will be paid.

## **2. Calculation method for monthly remuneration**

- 1) A monthly remuneration for Director duties of inside Directors will be paid at a flat rate; provided, however that a separate, additional remuneration be paid to the persons with representative authority.
- 2) The monthly remuneration for Corporate Officers should be set at a suitable level that takes into consideration the Company's management environment, etc. and correspond to the rank (President, Senior Executive Corporate Officer, Executive Corporate Officer, and Senior Corporate Officer).

## **3. Calculation method for bonuses**

- 1) The bonus amount is calculated according to the rank of the Director and Corporate Officer, using consolidated operating income and goal attainment levels of the individual and the division for which they are responsible as an indicator.
- 2) During the respective fiscal years covered under the Ninth Medium-term Business Plan (the fiscal year 2019 to 2021), the Company has set the weight of bonuses to no less than 30% of the basic amount of total annual remuneration with the aim of achieving sustainable growth of the Group. In addition, criteria and allocations with respect to performance evaluation indicators set on an individual basis are to align with intent of the Ninth Medium-term Business Plan.
- 3) The Company may increase or decrease the bonus amount paid for the final fiscal year of the Ninth Medium-term Business Plan, depending on an individual progress made in achieving the performance goals previously set for the final fiscal year on an individual basis.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## **Proposition No. 4: Continuation of the Defense Plan Against Large Purchase Actions of the Shares of the Company (Takeover Defense Plan)**

The Company, at the meeting of its Board of Directors held on January 11, 2008, adopted a resolution on a "fundamental policy on what the person(s) should be like to control the determination of the financial and business policy of the Company" (the "Fundamental Policy") and determined to adopt a "defense plan against large purchase actions of the shares of the Company (takeover defense plan)" as measures to prevent the determination of the financial and business policy of the Company from being controlled by any inadequate person in consideration of the Fundamental Policy, which was approved by the shareholders at the 95th Ordinary General Meeting of Shareholders of the Company held on February 22, 2008. Thereafter, at the 98th, the 101st and the 104th Ordinary General Meeting of Shareholders of the Company in line with the effective period of the takeover defense plan (three years), the continuation of the takeover defense plan, as adequately revised, was approved and remains in effect (the takeover defense plan, as revised, will hereinafter be referred to as the "Former Defense Plan").

As the Former Defense Plan is stipulated to expire upon the close of the 107th Ordinary General Meeting of Shareholders to be held no later than February 29, 2020, the Company has continued discussions on what it should be like, including whether or not to continue it, from the perspective of the enhancement of its corporate value and the protection of the common interests of its shareholders while taking into consideration the amendments to related laws and ordinances, changes in social and economic conditions and other factors. As a result of such discussions, notice is hereby given that the Company, at the meeting of its Board of Directors held on December 26, 2019, confirmed that it maintains the Fundamental Policy with minor changes, and determined to make some revisions to the Former Defense Plan and then continue a "defense plan against large purchase actions of the shares of the Company (takeover defense plan)" (the takeover defense plan, as revised, will hereinafter be referred to as the "Defense Plan"), subject to approval of the shareholders at this General Meeting of Shareholders.

The major points of the revisions are as set forth below:

- Members of the Independent Committee shall be appointed from among outside Directors or outside Corporate Auditors of the Company who are registered as Independent Officers with the Tokyo Stock Exchange;
- It is specified that the triggering of defense measures against a large purchase action will be allowed only if the Independent Committee reports that such triggering is advisable;
- It is specified that the Board of Directors may trigger a defense measure by its resolution only if a large purchase action falls under the so-called Four Types of hostile takeovers cited by the High Court or a two-tiered coercive purchase and is obviously inappropriate from the perspective of public order, and if a large purchaser does not comply with our Large Purchase Rules; and

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



- Dates and phrases are revised and some wordings are modified.

The shareholders are hereby requested to approve of the continuation of the Defense Plan in accordance with the provision of Article 46, paragraph 1 of the Articles of Incorporation of the Company.

Subject to approval by the majority of the voting rights of the shareholders present at this General Meeting of Shareholders, the Defense Plan shall continue to remain in effect until the close of the 110th Ordinary General Meeting of Shareholders to be held no later than February 28, 2023.

The Defense Plan is contemplated to allow the shareholders to make proper judgment about any large purchase action but not impede such any large purchase action itself or deprive the shareholders of any opportunity to judge whether or not to accept it. As to the particulars of the Fundamental Policy and the Defense Plan, please refer to the attachment hereto (page 29 to page 56).

At the meeting of the Board of Directors at which the continuation of the Defense Plan was resolved, the Corporate Auditors of the Company, four in all, including two outside Corporate Auditors, were present and have expressed the opinion that they have no objection to the continuation of the Defense Plan on condition that the plan should be implemented properly.

As of the date hereof, no approach or offer has been made for a large purchase of the shares of the Company and the Company does not know any imminent threat of such purchase.

- E N D -

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



(Attachment to Proposition No. 4)

I. Fundamental policy on what the person(s) should be like to control the determination of the financial and business policy of the Company

1. Source of the corporate value of the Company

(1) Management philosophy

The Company has advocated the following corporate motto and corporate principles as its spirit of foundation and provided them in its Articles of Incorporation for the continuance of contributing to the people's healthy dietary life by placing first priority on security and safety as a fundamental principle in its business activities:

Corporate motto: RAKU-GYOU-KAI-ETSU (Share the joy of endeavors)

Corporate principles: Act on moral principles;  
Strive for originality and ingenuity; and  
Look after parent's well being

The Group, aiming to be a group contributing to the food culture and health of the world through "great taste, empathy and uniqueness", has engaged in: (i) Condiments and Processed Foods business, (ii) Salads and Delicatessen business, (iii) Egg business, (iv) Fruit Solution business, (v) Fine Chemicals business, (vi) Distribution business and (vii) Common Business Operations.

(2) Actions based on the management philosophy

The Group has stipulated the Group policies to ensure that all officers and employees take actions in compliance with our management philosophy, and published values we respect and behaviors to be expected. The Group has maintained its attitude of giving first priority to quality since its foundation, and through wholeheartedly delivering the selective products and services unique to the Group, endeavors to enhance its corporate value.

(3) Strength of business development

Since the launch of the first domestically produced mayonnaise in 1925, the Company has constantly endeavored to cultivate and expand the market of salad condiments through commercialization of dressings, among others and has maintained a large brand share as a leading manufacturer. In addition, the Company sells jams and pasta sauces, as well as baby foods and health foods. In 1998, the Company launched universal-design foods (or foods for the sick and aged). As stated above, the Company, as a pioneer in the food industry, has always taken the initiative in developing quality products according to various stages of diets, which we believe is the driving force to cultivate the powers of its brand highly trusted by customers.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



Since the launch of its mayonnaise, the Company has supplied eggs, the main ingredient of mayonnaise, as liquid eggs, to process manufacturers. In 1955, the Company launched mayonnaise for commercial use and since the 1960s, has dealt in chilled products and prepared foods and has sold cut vegetables. Thus, we also believe that the Group's strength lies in not only the quality and palatability of its products, but its continued proposal of the joy of eating in the broad areas of home meal, home-meal replacement and eating-out.

Our overseas business began in 1982 by establishing a company which operates the condiments business in the United States, and since then we have expanded the business to China, Southeast Asia and Europe. By developing products and proposing menus that meet a variety of needs, we are expanding the market of mayonnaise and dressing and are adding new categories that incorporate technologies cultivated in Japan.

Since its formation in 1919, the Company has regarded the "insistence on high quality", "capabilities of developing products ahead of customer needs" and "seeking of synergies in each business development" as the sources of its corporate value. Furthermore, as represented in its corporate motto "RAKU-GYOU-KAI-ETSU (share the joy of endeavors)", all officers and employees share the attitude of overcoming difficulties with originality and ingenuity to achieve their common targets in business activities and sharing these joys. We believe this attitude should be perpetuated as a corporate culture that may sustain the source of the Company's corporate value.

## 2. Details of the fundamental policy

The Company considers that in the event that its shares are to be purchased for the purpose of a large scale acquisition, it should be left to final judgment of the shareholders whether or not the Company will agree thereto, and does not deny any significance or effect of vitalization of its corporate activities through a change in the controlling interest.

However, for the management of the Company and the Group, it is essential to have a good understanding of a broad range of know-how and accumulated experience, as well as the relationships fostered with its stakeholders, including customers, trading partners and employees, among others. Without such good understanding, it would be impossible to properly judge the shareholder value that may be raised in the future. We, who are responsible for management as entrusted by the shareholders, have focused our efforts on IR activities to get the fair value of the shares of the Company understood by the shareholders and investors. However, in the event of a sudden large purchase action of the shares, for the shareholders who are required to properly judge whether the price for the acquisition offered by the purchaser is adequate or not in a short period, we consider it vital to be provided with adequate and sufficient information from both the purchaser and the Board of Directors of the Company. Additionally, for the shareholders to consider whether or not to continue holding the shares of the Company, we believe that information such as the impact of the acquisition on the Company, the details of the management policy and business plans and past investing activities of the purchaser when the purchaser proposes to participate in the management of the Company and the opinion of the Board of Directors regarding the acquisition will be important for making a decision.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



In this regard, while there is a certain disclosure mechanism for providing information in takeover bid (TOB) regulations under the Financial Instruments and Exchange Act, this TOB disclosure system does not work for a large purchase action conducted in the market since such market transactions are not subject to the TOB regulations. Even if a large purchase action is subject to the TOB regulations, the chance for asking questions to the acquiring company by means of the target company's Position Statement shall be limited to only one time. Further, the acquiring company is not obliged to answer sufficiently or is even able to avoid answering at all so long as the reason for not answering questions is provided in detail. As a consequence, we should anticipate a situation in which we cannot provide sufficient information to the shareholders even in the case of a large purchase action subject to the TOB regulations and we might be forced to determine whether or not to accept the tender offer before ensuring sufficient time for the shareholders to consider the proposals.

In consideration of these factors, we have judged that any prospective acquiring company for the purpose of a large purchase action should be required (i) to provide with the Board of Directors in advance such necessary and sufficient information in order to allow the shareholders to consider the acquisition proposal in accordance with a certain reasonable disclosure rules prescribed by the Company and publicized in advance, and (ii) to commence the acquisition only after the lapse of a certain period for the evaluation of the acquisition proposal by the Board of Directors.

In fact, certain large purchase actions might cause irreparable damage to the Company and significantly impair its corporate value and the common interests of its shareholders. We, responsible for the management of the Company, recognize that it is our responsibility to protect our fundamental philosophy and brands of the Company, and the interests of its shareholders and stakeholders against such large purchase actions.

To fulfill such responsibility, the Board of Directors recognizes that with regard to any share acquisition (or any acquisition plan) for the purpose of a large purchase action, it is necessary to carefully investigate and judge the effect of such acquisition (or such acquisition plan) that may have an influence on the corporate value of the Company and the common interests of its shareholders, in consideration of the nature of business, future business plans and past investing activities of the acquiring company, among other factors.

Hence, we believe that in order to protect the corporate value of the Company and the common interests of its shareholders, it is necessary for the Board of Directors to take measures against the large purchase action that it considers adequate in accordance with specific, reasonable rules prescribed by the Company and publicized in advance.

The aforementioned fundamental policy on what the person(s) should be like to control the determination of the financial and business policy of the Company will be referred to as the "Fundamental Policy" hereinafter.

The status of principal shareholders as of November 30, 2019 is as described in Material 1 (page 47). The Company has business, including purchasing of products and leasing of offices, with Nakashimato Co., Ltd. and Touka Co., Ltd., which are among the principal shareholders described in Material 1 (page 47). However, the Company and these



# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



shareholders have independent relationships each other in determining their respective financial and business policies. While such principal shareholders exist, there is no denying the possibility of a large purchase action that may materially impair the corporate value of the Company and the common interests of its shareholders. Hence, the Company considers it necessary to devise and maintain specific, reasonable rules against large purchase actions in accordance with the Fundamental Policy.

## II. Special measures to facilitate the implementation of the Company's Fundamental Policy

To encourage many investors to invest in the Company on a continued, long-term basis, it has implemented the following measures to facilitate the enhancement of its corporate value and the common interests of its shareholders. We believe these measures will facilitate the implementation of the Company's Fundamental Policy.

### 1. Institution of the Group's long-term vision and medium-term business plan

The Group has formulated a long-term vision, "Kewpie Group 2030 Vision", to further enhance its corporate value by utilizing the corporate value set forth in Chapter I, Section 1 "Source of the corporate value of the Company" above. Under the vision, the Group embraces a single common purpose and broadly evokes a sense of empathy by extending the area in which we can contribute to the world and engaging in initiatives aimed at solving social issues.

In the medium-term business plan for three years commencing from the fiscal year ended November 30, 2019, our major initiatives for maintaining growth in Japan and accelerating growth overseas are "promoting our products, centering on three businesses, as integral parts of people's daily meals in Japan", "accelerating overseas business expansion, particularly in China and Southeast Asia" and "strengthening the business foundation for better adaptability to changes to the business environment".

To put the medium-term business plan and "Kewpie Group 2030 Vision" into action, the Group aims to make aggressive business and equipment investments to strengthen its revenue-generating base and enhance asset efficiency in each business division centered on the above-mentioned management policies, which we believe will facilitate the enhancement of its corporate value and the common interests of its shareholders.

### 2. Upgrading of corporate governance

To continuously increase its corporate value and the common interests of its shareholders through efficient and sound management, the Group regards the upgrading of its organizations, schemes and systems of management and timely and proper implementation of necessary measures as one of the most important management challenges.

To more clearly define the management responsibility for each fiscal year and establish a management structure that can respond to changes in the business environments with agility, the Company has set the term of office of Directors and Corporate Officers to one year.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



Additionally, to further strengthen its audit system, the Company has employed a system of four Corporate Auditors, including two outside Corporate Auditors.

In August 2018, we newly established the Nomination and Remuneration Committee as an advisory body to the Board of Directors with the aim of enhancing objectivity, adequacy and transparency regarding factors such as the composition of the Board of Directors and means of nominating and compensating directors and others. The Nomination and Remuneration Committee shall consist of five or more members and at least half of the members shall be outside Corporate Officers who meet the Company's Independence Criteria. In addition, the chairman of the Remuneration Committee shall be selected from its members who are outside Directors.

The Company has also established a Management Advisory Board, consisting of outside experts, as an advisory body to the President and Chief Executive Corporate Officer of the Company, with the aim of obtaining advice and recommendations from outside experts to improve soundness, fairness and transparency of the Group's management and thus better serve society and our customers.

III. Measures to prevent the determination of the financial and business policy of the Company from being controlled by any inadequate person in consideration of the Fundamental Policy (a defense plan against large purchase actions of the shares of the Company (takeover defense plan))

The Company will institute the rules (the "Large Purchase Rules"), as described below, as measures to prevent the determination of the financial and business policy of the Company from being controlled by any inadequate person in consideration of the Fundamental Policy.

The defense plan against a large purchase action of the shares of the Company (takeover defense plan) described in Chapter III, Sections 1 through 5 will be referred to as the "Defense Plan" hereinafter.

The Defense Plan satisfies all of the three principles provided in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, namely, (i) securing corporate value and the shareholders' common interests, (ii) prior disclosure and the principle of upholding the shareholders' intent, and (iii) the principles of necessity and suitability. Additionally, adequate consideration has been given to the content of the "Appropriate Takeover Defense Measures in Consideration of Recent Environmental Changes" publicized on June 30, 2008 by the Corporate Value Study Group established by the Ministry of Economy, Trade and Industry.

For a summary of the Defense Plan (flowchart), please refer to Material 2 (page 48).

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## 1. Coverage of the Defense Plan

The Defense Plan covers (i) a purchase of shares and other securities (see Note 3) of the Company to make the ratio of voting rights (see Note 2) of any specified shareholder group (see Note 1) 20% or more, or (ii) a purchase of shares and other securities of the Company resulting in making the ratio of voting rights of any specified shareholder group 20% or more (whether by market transactions, by TOB or otherwise; with regard to any TOB, upon public notice of the TOB commencement, it shall be regarded as a purchase), excepting any purchase agreed to by the Board of Directors in advance.

Any purchase action covered by the Defense Plan shall be referred to as a "Large Purchase Action" and any person engaging in a Large Purchase Action shall be referred to as a "Large Purchaser" hereinafter, respectively.

Note 1: A "specified shareholder group" means:

- (i) a holder(s) (including any person included in the holders under Article 27-23, paragraph 3 of the Financial Instruments and Exchange Act (hereinafter referred to as the "FIEA"); the same applies hereinafter) of shares and other securities (as defined in Article 27-23, paragraph 1 of the FIEA) of the Company and any joint holder(s) (as defined in Article 27-23, paragraph 5 of the FIEA and including any holder(s) deemed to be his/her/its joint holder(s) under paragraph 6 of the same Article thereof; the same applies hereinafter), or
- (ii) a person(s) conducting a purchase, etc. (as defined in Article 27-2, paragraph 1 of the FIEA and including any purchase conducted either by bidding or not, and on a securities market of any stock exchange) of shares and other securities (as defined in Article 27-2, paragraph 1 of the FIEA) of the Company and his/her/its affiliated person(s) (as defined in Article 27-2, paragraph 7 of the FIEA).

Note 2: "Ratio of voting rights" means:

- (i) in the case of Note 1 (i) above, the holder's holding ratio of shares and other securities (as defined in Article 27-23, paragraph 4 of the FIEA, in which case the number of shares held by the holder's joint holder (as defined under the same paragraph; the same applies hereinafter) shall be taken into account), or
- (ii) in the case of Note 1 (ii) above, the total of the Large Purchaser's and affiliated person's holding ratios of shares and other securities (as defined in Article 27-2, paragraph 8 of the FIEA).

For the purpose of calculating each holding ratio of shares and other securities, the total number of voting rights (as defined in Article 27-2, paragraph 8 of the FIEA) and the total number of issued shares (as defined in Article 27-23, paragraph 4 of the FIEA) may be referred to in the securities report, quarterly

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



report or report on the purchase by the company of its own shares, whichever has most recently been filed.

Note 3: "Shares and other securities" mean those defined in Article 27-23, paragraph 1 of the FIEA.

## 2. Particulars of the Large Purchase Rules

The Company will institute Large Purchase Rules under which any Large Purchaser can commence a large purchase action only after it provides the Board of Directors of the Company with necessary and sufficient information on the large purchase action in advance and a certain period for the evaluation of the large purchase action by the Board of Directors elapses.

With regard to the Large Purchase Rules, the Company will establish an Independent Committee as a supervisory body (which will be discussed in Chapter III, Section 2 (3) "Independent Committee" below) to ensure the Defense Plan to be implemented properly and prevent arbitrary judgments by the Board of Directors as much as possible and follow procedures for confirming the intention of the shareholders as the necessity arises from the perspective of respecting their intention.

The particulars of the Large Purchase Rules and the related procedures to be instituted by the Company are described below:

### (1) Provision of information

Any Large Purchaser must submit to the Representative Director of the Company a "declaration of intention", which shall state its name and address, the law under which it was organized, the name of its representative and its contact address in Japan, as well as the summary of the proposed large purchase action, together with a covenant to comply with the Large Purchase Rules, and provide the Board of Directors with necessary and sufficient information ("Necessary Information") to allow the shareholders to make judgments and the Board of Directors to formulate an opinion.

Within 10 business days after receipt of a declaration of intention from the Large Purchaser, the Board of Directors will deliver to the Large Purchaser a list of Necessary Information to initially be provided by the Large Purchaser and it must provide such information. If, then, the information provided by the Large Purchaser is found to be insufficient after the close investigation thereof, the Board of Directors will repeatedly request the Large Purchaser to provide such information as to make Necessary Information necessary and sufficient, subject to the receipt of a report to the same effect from the Independent Committee.

The specific content of the Necessary Information may vary according to the attributes of the Large Purchaser and the purpose and content of the large purchase action. However, some of the general items are as follows:

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



- (i) Outline of the Large Purchaser and its group (including its joint holders and affiliated persons) (including information on its business lines, capital composition, experience in businesses similar to those of the Company and the Group and past investment activities);
- (ii) Purpose and content of the large purchase action (including the price and kind of consideration of the purchase, the timing of the purchase, the scheme of related transactions, the validity of the method of the purchase and the feasibility of the purchase and related transactions);
- (iii) Basis of the calculation of the price for the acquisition of the shares of the Company and the source of financing of the acquisition (including the specific name of the financier(s) (including substantial financier(s)), the method of financing and the details of related transactions);
- (iv) Planned candidate management (including information on experience in businesses similar to those of the Company and the Group), management policy, business plan (including attitudes towards the development and cultivation of products in response to customers' preferences and proposals of new eating habits and menus, measures against changes in prices of major raw materials, measures against product accidents and issues of food safety and sanitation and measures for maintaining good relations with important trading partners), financing plan, capital policy, dividend policy and asset utilization measures after participation in management of the Company and the Group ("After-Purchase Management Plan"); and
- (v) Changes expected or not expected to occur in the relations of the Company and the Group with its/their stakeholders, including trading partners, customers and employees after the completion of the large purchase action.

In the event that the Board of Directors receives a declaration of intention from the Large Purchaser, sends a list of the Necessary Information to the Large Purchaser and the provision of the Necessary Information by the Large Purchaser is completed, the Board of Directors will promptly give public notice thereof, respectively. Additionally, the Board of Directors will disclose all or part of the Necessary Information to the shareholders and investors in the event that it considers it necessary to do so to allow the shareholders to make judgments, at such time as considered adequate by the Board of Directors.

## (2) Period of evaluation by the Board of Directors

The Board of Directors considers that after the completion of the provision of the necessary and sufficient Necessary Information by the Large Purchaser to the Board of Directors, according to the degree of difficulty in the evaluation of the large purchase action, 60 days (in case of a purchase of all of the shares of the Company by a TOB, the consideration of which is only cash (in yen)) or 90 days (in cases of other large purchase actions) should be allowed to the Board of Directors as a period for the Board of Directors' evaluation, deliberation, negotiation, formulation of an opinion, preparation of an alternative

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



proposal, determination of the necessity to follow procedures for confirming the intention of the shareholders and determination of whether or not to trigger the Defense Measure (the "Directors' Evaluation Period"). Any large purchase action may be commenced only after the lapse of the Directors' Evaluation Period.

During the Directors' Evaluation Period, the Board of Directors of the Company will fully evaluate and deliberate on the Necessary Information provided by the Large Purchaser while consulting with the Independent Committee and seeking advice from third-party experts whenever necessary, and carefully formulate an opinion of its own and publicize it. The Board of Directors will also negotiate with the Large Purchaser about any revision of the conditions of the large purchase action and/or present its alternative proposal on the management policy of the Group to the shareholders of the Company whenever necessary.

In any unavoidable circumstance where the Board of Directors fails to determine whether or not to trigger the Defense Measure during the Directors' Evaluation Period (such as circumstances where the Independent Committee fails to report the triggering of the Defense Measure during the Directors' Evaluation Period or circumstances where procedures for confirming the intention of the shareholders are followed as set forth in Chapter III, Section 2 (4) "Procedures for confirming the intention of the shareholders" below), the Board of Directors may, upon report from the Independent Committee, extend the Directors' Evaluation Period as long as necessary but not exceeding 30 days (the period may be extended to follow procedures for confirming the intention of the shareholders as set forth in Chapter III, Section 2 (4) "Procedures for confirming the intention of the shareholders" below). In the event that the Board of Directors determines to extend the Directors' Evaluation Period, it will immediately disclose the extension period and the reason for the necessity of extension to the shareholders and investors pursuant to laws or ordinances and the rules of the financial instrument exchange.

### (3) Independent Committee

The Company will establish an Independent Committee as a checking function to ensure the Defense Plan is implemented properly and prevent arbitrary judgments by the Board of Directors. The Independent Committee shall consist of at least three members, who shall be appointed from outside Directors of the Company and outside Corporate Auditors of the Company who are registered as Independent Officers with the Tokyo Stock Exchange (outside Directors and outside Corporate Auditors who are registered as Independent Officers are in a position to express impartial opinions, free of influence from persons in charge of execution of business), to enable them to make fair and indifferent judgments. When the enactment and continuation of the Defense Plan is approved at this General Meeting of Shareholders and it becomes effective, the names and profiles of the initial members of the Independent Committee after the continuation will be as described in Material 3 (page 49 to page 50). The outline of the Independent Committee will be as described in Material 4 (page 51 to page 53).

To make important judgments with regard to the Defense Plan, such as whether or not the Large Purchaser observes the Large Purchase Rules (see Chapter III, Section 3 (1) "In case the Large Purchaser observes the Large Purchase Rules" below), whether or not the

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



Directors' Evaluation Period should be extended (see Chapter III, Section 2 (2) "Period of evaluation by the Board of Directors" above), whether or not the large purchase action is considered to significantly impair the corporate value of the Company and the common interests of its shareholders (see Chapter III, Section 3 (1) "In case the Large Purchaser observes the Large Purchase Rules" below) and whether or not to trigger the Defense Measure against a large purchase action, the Board of Directors shall consult with the Independent Committee without fail and respect its report to the maximum extent possible. In addition, the determination by the Company's Board of Directors to trigger the Defense Measure is approved only if the Independent Committee reports that the triggering of the Defense Measure is advisable.

The Independent Committee may receive advice from any third-party expert independent of the Board of Directors or the Independent Committee itself as the necessity arises. All cost defrayed in obtaining such advice shall be borne by the Company, barring exceptions considered specifically unreasonable.

Any resolution of the Independent Committee shall be adopted at a meeting of the Independent Committee at which all the members thereof then in office shall be present, by a majority of the members present thereat; provided, however, that if any member is unable to be present or in any other unavoidable circumstance, such resolution shall be adopted at a meeting of the Independent Committee at which a majority of the members then in office shall be present, by a majority of the members present thereat.

#### (4) Procedures for confirming the intention of the shareholders

In determining whether or not to trigger the Defense Measure against a large purchase action, the Board of Directors may request the shareholders to judge whether or not to trigger the Defense Measure against such large purchase action, from the perspective of respecting their intention. In the event that the Board of Directors considers it necessary and adequate to follow the procedures for confirming the intention of the shareholders by taking into consideration the details of the large purchase action proposed by the Large Purchaser, the Necessary Information provided by the Large Purchaser, the circumstance that requires the Board of Directors to determine whether or not to trigger the Defense Measure and costs required to follow the procedures for confirming the intention of the shareholders, the Board of Directors shall follow the procedures. Additionally, in the event that the Board of Directors receives a report that it should follow the procedures to confirm the intention of the shareholders from the Independent Committee, the Board of Directors shall respect such report to the maximum extent possible.

To confirm the intention of the shareholders, a resolution shall be adopted at a general meeting of shareholders (a "General Meeting of Shareholders") under the Companies Act of Japan. In the event that such General Meeting of Shareholders is held, the Board of Directors shall, pursuant to the resolution adopted thereat, trigger, or not trigger, the Defense Measure against the proposed large purchase action as the case may be. Whenever necessary, the Board of Directors shall promptly fix a record date ("Record Date") to determine the shareholders entitled to exercise their voting rights at the General Meeting of Shareholders and give notice thereof no later than two weeks prior to the Record Date by a method

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



specified in the Articles of Incorporation of the Company. The date of the General Meeting of Shareholders shall be fixed within the initially established Directors' Evaluation Period, in principle. However, in any unavoidable circumstance where it takes time procedurally to convene a General Meeting of Shareholders or otherwise, the Board of Directors may extend the Directors' Evaluation Period for 30 days upon report from the Independent Committee.

- (i) The shareholders entitled to exercise their voting rights at the General Meeting of Shareholders shall be those recorded in the final register of shareholders as of the Record Date.
- (ii) Any resolution at the General Meeting of Shareholders shall, pursuant to laws or ordinances and the Articles of Incorporation of the Company, be adopted by a majority of the votes of the shareholders present thereat who shall be entitled to exercise their voting rights.
- (iii) In the event that there occurs any material change in the information (such as the revocation by the Large Purchaser of the large purchase action) for the shareholders to make judgments at the General Meeting of Shareholders, the Board of Directors may change the Record Date even after such Record Date is fixed for the General Meeting of Shareholders, or postpone or cancel the General Meeting of Shareholders.

### 3. Defense Measure when a large purchase action is taken

#### (1) In the case that the Large Purchaser observes the Large Purchase Rules

In the case that the Large Purchaser observes the Large Purchase Rules, the Board of Directors will not trigger the Defense Measure against the large purchase action, in principle. Whether or not to agree to the purchase proposal by the Large Purchaser will be left to the judgment of the respective shareholders.

However, if the Large Purchaser is considered not to seriously aim for reasonable management, and the large purchase action of the Large Purchaser is considered to cause permanent damage to the Company, whereby significantly impairing its corporate value and the common interests of its shareholders, the Board of Directors may exceptionally implement any appropriate measure to protect the interests of its shareholders. The following cases may be judged to significantly impair the corporate value of the Company and the common interests of its shareholders:

- (i) The Large Purchaser takes a large purchase action as set forth in items i) through iv) below:
  - i) The Large Purchaser has no true intention to participate in the management of the target company but engages in the purchase of shares for the purpose of raising the price of the shares and selling them at higher prices to the parties related to the target company;



# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



- ii) The Large Purchaser purchases the shares for the purpose of enabling the Large Purchaser to transfer a so-called "crown jewel", including intellectual property rights, know-how, trade secrets, principal trading partners and customers, etc. of the target company and its group under its temporary management to the Large Purchaser and/or its group companies (scorched earth policy);
  - iii) The Large Purchaser purchases the shares for the purpose of diverting assets of the target company and its group to mortgages and/or repayments of liabilities incurred by the Large Purchaser and its group companies, etc. after it gains control of management of the target company; and
  - iv) The Large Purchaser purchases the shares for the purpose of enabling the Large Purchaser to cause the target company and its group under its temporary management to pay temporarily high returns to the shareholders with proceeds from sales of the real estate, securities and expensive assets, etc. not relevant to the current business of the target company and its group or to sell out the target company's shares at such higher prices arising from the sharp rise of the target company's shares due to a temporary high return, etc. to the shareholders.
- (ii) The purchase method of the shares of the Company proposed by the Large Purchaser falls under a two-tier coercive purchase proposal (i.e., at the first stage, the purchase of the entire Company's shares is not solicited but at the second stage, the purchase will be consummated at less favorable or unspecified conditions to the shareholders).
  - (iii) A large purchase action is obviously inappropriate from the perspectives of public order (e.g. the Large Purchaser includes a related party of antisocial forces).

In determining whether or not to trigger the Defense Measure as described above, in order to ensure the objectivity and rationality of the determination, the Board of Directors will examine the specific contents of the Large Purchaser and the large purchase action and a prospective impact of the large purchase action on the corporate value of the Company and the common interests of its shareholders, based on the Necessary Information, including an After-Purchase Management Policy, provided by the Large Purchaser, while receiving advice from any third-party expert whenever necessary, and respect reports from the Independent Committee to the maximum extent possible. Further, the determination by the Company's Board of Directors to trigger the Defense Measure is approved only if the Independent Committee reports that the triggering of the Defense Measure is advisable. Additionally, as described in Chapter III, Section 2 (4) "Procedures for confirming the intention of the shareholders" above, a General Meeting of Shareholders may be held to seek the judgment of the shareholders.

The Board of Directors shall choose a specific defense measure that it judges as the most appropriate at the time of triggering the Defense Measure, by taking into consideration

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



the necessity and adequacy of such measure. For that purpose, in the event that the Board of Directors selects the free allocation of stock acquisition rights as a vehicle for the Defense Measure, the summary thereof shall be as described in Material 5 (page 54 to page 56). It is not expected that any cash will be delivered as consideration for the acquisition of the stock acquisition rights held by any person who is not entitled to exercise stock acquisition rights.

## (2) In the case that the Large Purchaser does not observe the Large Purchase Rules

In the case that the Large Purchaser does not observe the Large Purchase Rules, in order to protect the corporate value of the Company and the common interests of its shareholders, the Board of Directors may trigger the Defense Measure, including the issuance of stock acquisition rights, as authorized by the Companies Act and other laws or ordinances and the Articles of Incorporation of the Company, against the large purchase action by taking into consideration the necessity and adequacy thereof. The Board of Directors will determine whether or not the Large Purchaser observes the Large Purchase Rules and whether or not it is appropriate to trigger the Defense Measure, by reference to the opinions of third-party experts and by respecting reports from the Independent Committee to the maximum extent possible. Further, the determination by the Company's Board of Directors to trigger the Defense Measure is approved only if the Independent Committee reports that the triggering of the Defense Measure is advisable. Additionally, as described in Chapter III, Section 2 (4) "Procedures for confirming the intention of the shareholders" above, a General Meeting of Shareholders may be held to seek the judgment of the shareholders.

For the Defense Measure, the Board of Directors will select the most appropriate vehicle in its judgment at that time (As described in Chapter III, Section 2 (4) "Procedures for confirming the intention of the shareholders" above, a General Meeting of Shareholders may be held to seek the judgment of the shareholders. In such case, the Board of Directors will comply with any resolution of the General Meeting of Shareholders.). In the event that the Board of Directors selects the free allocation of stock acquisition rights as a vehicle for the Defense Measure, the summary thereof shall be as described in Material 5 (page 54 to page 56). It is not expected that any cash will be delivered as consideration for the acquisition of the stock acquisition rights held by any person who is not entitled to exercise stock acquisition rights.

## (3) Cessation of the triggering of the Defense Measure

Even after the determination to trigger the Defense Measure, in the event that the Large Purchaser revokes or changes the large purchase action or otherwise the Board of Directors judges it inappropriate to trigger the Defense Measure, it may change or cease the triggering of the Defense Measure by respecting reports from the Independent Committee to the maximum extent possible.

For example, in the event that the Board of Directors makes a free allocation of stock acquisition rights as a vehicle for the Defense Measure, if, after the determination of the shareholders who will be allocated stock acquisition rights, the Large Purchaser revokes or changes the large purchase action or otherwise and consequently, the Board of Directors

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



judges it inappropriate to trigger the Defense Measure, it may cease the triggering of the Defense Measure, as described below:

- (i) At any time prior to the day on which the free allocation of the stock acquisition rights shall become effective, the Board of Directors may cease the free allocation of the stock acquisition rights by respecting reports from the Independent Committee to the maximum extent possible.
- (ii) At any time on or after the day on which the free allocation of the stock acquisition rights shall become effective and prior to the commencement of the exercise period of the stock acquisition rights, the Board of Directors may acquire the stock acquisition rights without compensation by respecting reports from the Independent Committee to the maximum extent possible.

In the event that the Board of Directors ceases the triggering of the Defense Measure as described in item (i) or (ii) above, it will promptly disclose all necessary and sufficient information, including such matters as considered necessary by the Independent Committee, to the shareholders and investors.

With regard to the change of the triggering of the Defense Measure, in the event that the Large Purchaser changes the number of shares to be acquired through the large purchase action, the Board of Directors may change the number of shares to be issued or transferred for each stock acquisition right, for instance.

## 4. Impacts on the shareholders and investors

### (1) Impact of the Large Purchase Rules on the shareholders and investors

The Large Purchase Rules are intended to provide the shareholders of the Company with information necessary for them to judge whether or not to agree to a large purchase action and opinions of the Board of Directors who is entrusted by the shareholders to manage the Company and to secure an opportunity for the shareholders to receive any alternative proposal for management of the Company. We believe that the Large Purchase Rules will allow the shareholders, with sufficient information provided, to make appropriate judgments as to whether or not to agree to a large purchase action, which will result in the protection of the corporate value of the Company and the common interests of its shareholders. Thus, we believe that the institution of the Large Purchase Rules, which are intended to help the shareholders of the Company and the investors make appropriate investment judgments, will benefit the shareholders and investors.

As described in Chapter III, Section 3 "Defense Measure when a large purchase action is taken", defense policies of the Company on a large purchase action vary, depending on whether the Large Purchaser observes the Large Purchase Rules or not. Therefore, it is advisable for the shareholders of the Company and investors to pay attention to the action of the Large Purchaser.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## (2) Impact on the shareholders and investors when the Defense Measure is triggered

In case the Large Purchaser does not observe the Large Purchase Rules, the Board of Directors may trigger the Defense Measure, as authorized by the Companies Act and other laws or ordinances and the Articles of Incorporation of the Company, to protect the corporate value of the Company and the common interests of its shareholders. However, under the scheme of the Defense Measure, it is not assumed that the shareholders (excluding the Large Purchaser (including specified shareholder group) against which the Defense Measure is triggered) of the Company will incur any specific loss on their legal rights or economic interests. In the event that the Board of Directors determines to trigger the Defense Measure, it will make timely and proper disclosure pursuant to laws or ordinances and the rules of the financial instrument exchange. In the event that the Board of Directors ceases to issue stock acquisition rights or acquires the issued stock acquisition rights without consideration, the stock value per share will not be diluted. Hence, any shareholder or investor who trades in the shares, assuming that the stock value of the Company will be diluted on or after the ex-date relating to the free allocation of stock acquisition rights, may incur an unexpected loss due to stock price movements.

## (3) Procedures to be followed by the shareholders when the Defense Measure is triggered

When the Defense Measure is triggered, the shareholders will be required to follow the procedures described below.

The details of the allocation methods, the exercise of stock acquisition rights, and the acquisition thereof by the Company will be disclosed or notified to the shareholders after the determination of the Board of Directors with regard to the Defense Measure.

### (i) Procedures for the registration of transfers of shares

In the event that the Board of Directors determines to make a free allocation of stock acquisition rights as a vehicle for the Defense Measure, the Company will give public notice of the record date for the free allocation thereof. As the stock acquisition rights will be allocated free of charge to the shareholders recorded in the final register of shareholders of the Company as of the record date, the shareholders will have to be recorded in the final register of shareholders as of the record date.

### (ii) Procedures for exercise of stock acquisition rights

In the event that the Board of Directors determines to make a free allocation of stock acquisition rights as a vehicle for the Defense Measure, the Company may send a form of exercise of stock acquisition rights (a form designated by the Company to include necessary matters, such as the content and number of the stock acquisition rights to be exercised, and the statement confirming that the shareholder does not belong to any specified shareholder group) and other documents necessary for the exercise of stock acquisition rights to each of the shareholders recorded in the final register of shareholders of the Company as of the record date. In that event, when, after the free allocation of the stock acquisition rights, any shareholder submits a form of exercise of stock acquisition rights and other necessary

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



documents therefor and pays such price for each stock acquisition right no less than one yen as determined in the resolution for the free allocation of the stock acquisition rights adopted by the Board of Directors at any payment handling place during the exercise period of the stock acquisition rights, such number of shares of the Company as determined separately by the Board of Directors will be issued per stock acquisition right.

## (iii) Procedures for the acquisition by the Company of stock acquisition rights

In the event that the Board of Directors determines to acquire stock acquisition rights, the Company will acquire the stock acquisition rights as of the date separately designated by the Board of Directors, in accordance with the statutory procedures. In the event that the Board of Directors shall deliver the shares of the Company to the shareholders in exchange for the acquisition of their stock acquisition rights, it will do so promptly. In the event that the Board of Directors acquires the stock acquisition rights, each of the shareholders acquiring the shares in exchange for the stock acquisition rights may be requested to submit a form designated by the Company including the statement confirming that the shareholder does not belong to any specified shareholder group.

## 5. Effective period of the Defense Plan

In the event that the enactment and continuation of the Defense Plan is approved at this General Meeting of Shareholders, the effective period of the Defense Plan shall be extended until the close of the 110th Ordinary General Meeting of Shareholders to be held no later than February 28, 2023 and in the event that the continuation of the Defense Plan is approved at the Ordinary General Meeting of Shareholders of the Company relating to the last fiscal year ending within three years thereafter, it shall be extended for three more years. In the event that the continuation of the Defense Plan is so approved, the Board of Directors will promptly give notice thereof.

Even in the event that the continuation of the Defense Plan is approved and it becomes effective, from the perspective of protecting the corporate value of the Company and the common interests of its shareholders, the Board of Directors will review the plan from time to time by taking into consideration the developments of related laws or ordinances and the listing policy devised by the Tokyo Stock Exchange and may change or abolish the Defense Plan upon approval of the General Meeting of Shareholders whenever necessary. In such case, the details thereof will be notified promptly.

## IV. The Defense Plan's compliance with the Fundamental Policy, not impairing the common interests of the shareholders of the Company and not aiming to maintain the position of the officers of the Company, and the reasons therefor

### 1. The Defense Plan's compliance with the Fundamental Policy

The Defense Plan stipulates the particulars of the Large Purchase Rules, the defense plan in case of a large purchase action, the establishment of an Independent Committee and the impacts on the shareholders and investors.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



The Defense Plan requires any Large Purchaser to provide the Board of Directors with necessary and sufficient information on a large purchase action in advance and commence the large purchase action only after the lapse of the Directors' Evaluation Period and specifies that the Board of Directors may trigger any defense measure against the Large Purchaser not observing the Large Purchase Rules.

The Defense Plan also stipulates that even in the event that the Large Purchaser observes the Large Purchase Rules, if its large purchase action is considered by the Board of Directors to significantly impair the corporate value of the Company and the common interests of its shareholders, the Board of Directors may trigger any defense measure that is considered appropriate to protect the corporate value of the Company and the common interests of its shareholders.

Hence, we believe the Defense Plan complies with the Fundamental Policy.

## 2. The Defense Plan does not impair the common interests of the shareholders of the Company

As described above in "I. Fundamental policy on what the person(s) should be like to control the determination of the financial and business policy of the Company", the Fundamental Policy is based on respect for the corporate value of the Company and the common interests of its shareholders.

The Defense Plan, which is designed according to the philosophy of the Fundamental Policy, is intended to provide the shareholders of the Company with information necessary for them to judge whether or not to agree to a large purchase action and opinions of the Board of Directors, and to secure an opportunity for the shareholders to receive any alternative proposal. The Defense Plan will allow the shareholders of the Company and investors to make appropriate investment judgments. Thus, we believe that the Defense Plan will not impair the common interests of the shareholders of the Company but rather benefit their interests.

In addition, the enactment and continuation of the Defense Plan is subject to the approval of the shareholders. The Defense Plan has no "dead-hand clause" (a clause that prevents triggering a takeover defense measure if any member of the board of directors that adopted the measure is replaced) or "slow-hand clause" (a clause that prevents triggering a takeover defense measure for a certain period even if a majority of the members of the board of directors that adopted the measure are replaced) and consequently, the shareholders of the Company can abolish the Defense Plan whenever they wish. Thus, we believe that the Defense Plan gives assurance that the common interests of the shareholders of the Company will not be impaired.

## 3. The Defense Plan does not aim to maintain the position of the officers of the Company

Based on the principle of leaving the final judgment to the shareholders of the Company as to whether or not to agree to a large purchase action, the Defense Plan allows the Board of Directors to request compliance with the Large Purchase Rules and trigger a defense

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



measure to the extent necessary to protect the corporate value of the Company and the common interests of its shareholders. The Defense Plan discloses the limited conditions on the triggering of defense measures by the Board of Directors in advance and in detail, and any defense measure by the Board of Directors shall be triggered in accordance with the provisions of the Defense Plan. The Board of Directors cannot enact or continue the Defense Plan by itself, but is subject to the approval of the shareholders of the Company.

In addition, the Board of Directors shall seek advice from third-party experts whenever necessary in making any important decision on the Defense Policy, including whether or not to trigger the Defense Measure against a large purchase action, and consult with the Independent Committee consisting of members independent of the management responsible for execution of business and respect reports from the Independent Committee to the maximum extent possible. Furthermore, the determination by the Company's Board of Directors to trigger the Defense Measure is approved only if the Independent Committee reports that the triggering of the Defense Measure is advisable. In addition, the Board of Directors can follow procedures for confirming the intention of the shareholders as the necessity arises in order to respect their intention.

The Defense Plan contains procedures to ensure the proper operation of the plan by the Board of Directors.

Thus, we believe that the Defense Plan clearly does not aim to maintain the position of the officers of the Company.

- E N D -

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## Material 1

### State of Principal Shareholders

The state of principal shareholders as of November 30, 2019:

Rank	Name	Number of shares held (thousand shares)	Ratio of shareholding (%)
1	NAKASHIMATO CO., LTD.	15,071	10.54
2	TOHKA CO., LTD.	8,122	5.68
3	Japan Trustee Service Bank, Ltd. (Trust Account)	7,477	5.23
4	The Master Trust Bank of Japan, Ltd. (Trust Account)	7,301	5.10
5	Kieikai Research Foundation	4,251	2.97
6	Sumitomo Mitsui Banking Corporation	3,208	2.24
7	Mizuho Trust & Banking Co.,Ltd. (Retirement Benefit Trust for Mizuho Bank, Ltd.)	3,157	2.21
8	Nippon Life Insurance Company	3,039	2.12
9	The Dai-ichi Life Insurance Company, Limited	3,012	2.11
10	Nakato Scholarship Foundation	2,494	1.74

- Notes: 1. The ratios of shareholding are calculated by excluding the shares of treasury stock (6,958,050 shares).
2. The ratios are shown by rounding five or more in thousandth's place upward and the rest downward.



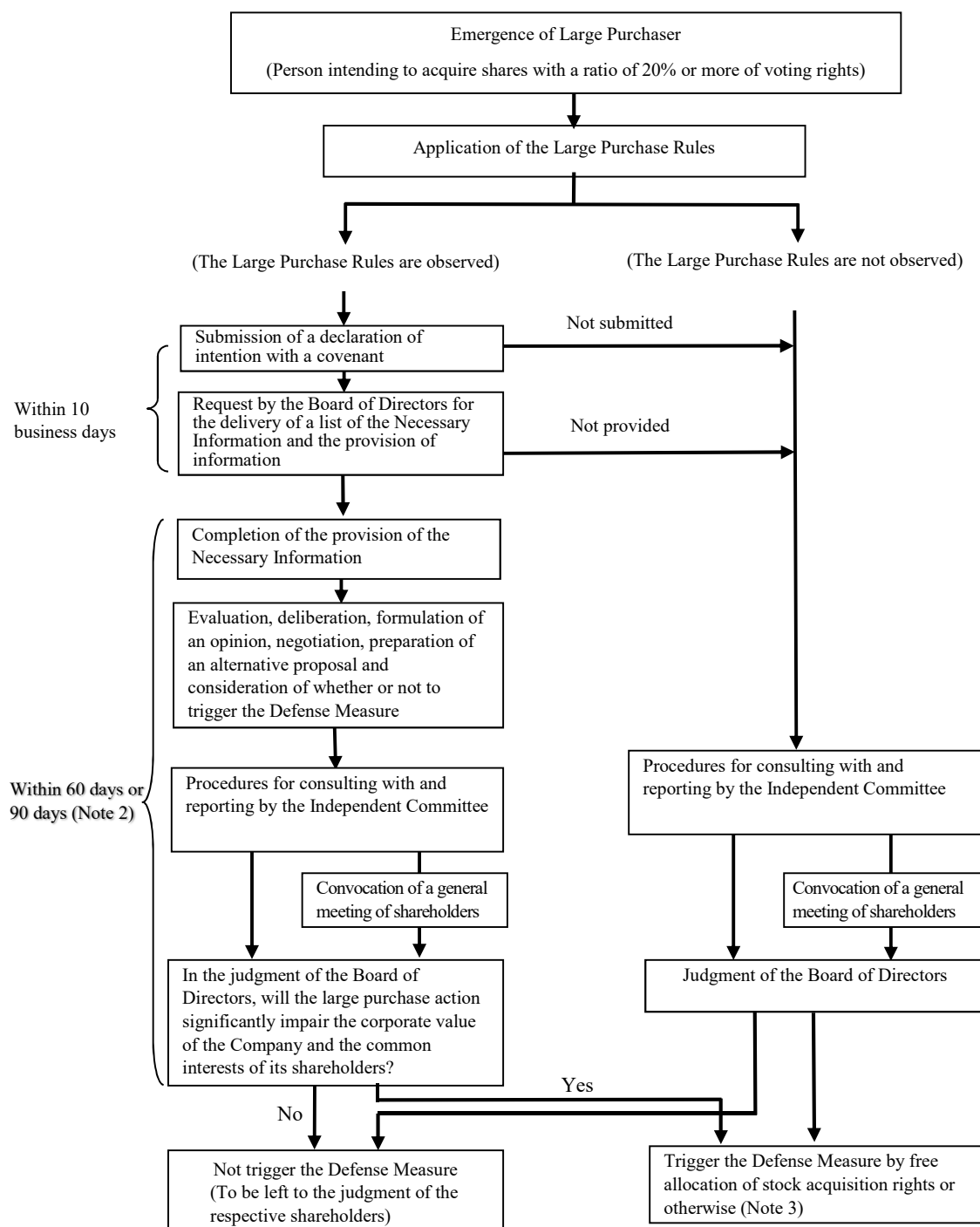
# Kewpie Corporation



1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331

## Material 2

### Overall flow of the Defense Plan in the event of a large purchase action



- Notes:
1. The above chart is a reference material to facilitate the comprehension of the Defense Plan. For further details of the plan, please refer to the body text hereof.
  2. In the event of the convocation of a general meeting of shareholders, in unavoidable circumstances where the Directors' Evaluation Period must be extended, the period may be within 90 days or 120 days, respectively.
  3. The triggering of Defense Measures will be allowed only if the Independent Committee reports that such triggering is advisable.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331  
Material 3



## Names and Profiles of the Members of the Independent Committee

### **Kazumine Terawaki** (Date of birth: April 13, 1954)

April 1980	Appointed as Public Prosecutor
April 1998	Deputy Chief, General Affairs and Planning Department, the Research and Training Institute of the Ministry of Justice
September 2003	Director-General, Criminal Affairs Division, the Nagoya District Public Prosecutors Office
June 2007	Chief Public Prosecutor, the Fukui District Public Prosecutors Office
July 2008	Deputy Superintending Prosecutor, the Sendai High Public Prosecutors Office
January 2014	Director-General, Public Security Intelligence Agency
January 2015	Superintendent Public Prosecutor, the Sendai High Public Prosecutors Office
September 2016	Superintendent Public Prosecutor, the Osaka High Public Prosecutors Office
June 2017	Admitted as attorney at law (Tokyo Bar Association), to this date
February 2018	Outside Corporate Auditor of the Company, to this date
June 2018	External Audit & Supervisory Board Member of Shoko Chukin Bank, Ltd., to this date
June 2019	Outside Director of TOSHIBA MACHINE CO., LTD., to this date Outside Audit & Supervisory Board Member of Kajima Corporation, to this date

Note: Mr. Terawaki and the Company have no special interest in each other.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## **Kazunari Uchida** (Date of birth: October 31, 1951)

January 1985	Joined Boston Consulting Group
November 1999	Senior Vice President of Boston Consulting Group
June 2000	Japan Representative and President of Boston Consulting Group
March 2006	External Auditor of Suntory, Ltd. (currently, Suntory Holdings Limited)
April 2006	Professor of Graduate School of Commerce at Waseda University, to this date
February 2012	Outside Corporate Auditor of the Company
June 2012	Outside Director of LIFENET INSURANCE COMPANY
August 2012	Outside Director of Japan ERI Co., Ltd.
December 2013	Outside Director of ERI Holdings Co., Ltd.
October 2014	External Director of MITSUI-SOKO HOLDINGS Co., Ltd.
February 2015	Outside Director of the Company, to this date
March 2016	External Director of Lion Corporation, to this date

Note: Mr. Uchida and the Company have no special interest in each other.

## **Shihoko Urushi** (Date of birth: April 4, 1961)

April 1986	Worked at a combined private junior high and high school for girls in Tokyo
April 1989	Worked at Shinagawa Joshi Gakuin
April 2006	Principal of Shinagawa Joshi Gakuin
September 2014	Member of the Education Rebuilding Implementation Council (Cabinet Office), to this date
February 2016	Outside Director of the Company, to this date
April 2017	President of Shinagawa Joshi Gakuin, to this date President of Shinagawa Joshi Gakuin Junior High School
April 2018	Outside Director of Culture Convenience Club Co., Ltd., to this date
June 2019	Outside Director of Nisshin Fire & Marine Insurance Co., Ltd., to this date

Note: Ms. Urushi and the Company have no special interest in each other.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## Material 4

### Outline of the Independent Committee

#### 1. Establishment

An Independent Committee shall be established by resolution of the Board of Directors of the Company.

#### 2. Members

The Independent Committee shall consist of at least three members from among outside Directors of the Company or outside Corporate Auditors of the Company who are registered as Independent Officers with the Tokyo Stock Exchange. In the event that the continuation of the Defense Plan is approved at the 107th Ordinary General Meeting of Shareholders, the members expected to assume office after the continuation thereof will be Messrs. Kazumine Terawaki and Kazunari Uchida, and Ms. Shihoko Urushi.

#### 3. Term of office

The term of office of the members of the Independent Committee shall expire at the close of the ordinary general meeting of shareholders for the last fiscal year that ends within three years from their appointment as members of the Independent Committee; provided, however, that the members of the Independent Committee shall be reappointed by resolution of the Board of Directors. Additionally, in the event that any member of the Independent Committee ceases to be outside Director of the Company or outside Corporate Auditor of the Company registered as Independent Officers with the Tokyo Stock Exchange, the term of office as the member of the Independent Committee shall expire simultaneously.

In the event of any vacancy in the number of the members of the Independent Committee, a new member shall be appointed by resolution of the Board of Directors from among outside Directors of the Company or outside Corporate Auditors of the Company who are registered as Independent Officers with the Tokyo Stock Exchange. The term of office of the newly appointed member shall be the remaining term of office of the member who caused such vacancy.

#### 4. Requirements for resolutions

Any resolution of the Independent Committee shall be adopted at a meeting of the Independent Committee at which all the members thereof then in office shall be present, by a majority of the members present thereat, in principle; provided, however, that if any member

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



is unable to be present or in any other unavoidable circumstance, such resolution shall be adopted at a meeting of the Independent Committee at which a majority of the members then in office shall be present, by a majority of the members present thereat.

In the event that no resolution was passed or adopted, the chairman of the Independent Committee (who shall be elected by mutual vote from among the members of the Independent Committee) shall give report to that effect to the Board of Directors.

## 5. Matters to be resolved

In the event that the Board of Directors consults with the Independent Committee, it shall deliberate on the matters set forth in the following items according to such consultation, and by its resolution, determine the result of deliberations. In the event that the Independent Committee adopts a resolution, it shall report the resolution, together with the reason therefor, to the Board of Directors. In performing their duties, the members of the Independent Committee must do so from the perspective of benefiting the corporate value of the Company and the common interests of its shareholders, but not for the purpose of benefiting themselves or any third party (including the management of the Company).

- (i) Whether or not the relevant action falls under any large purchase action under the Large Purchase Rules;
- (ii) Necessary Information to be provided by the Large Purchaser to the Board of Directors and the deadline for submission thereof;
- (iii) Assessment regarding the Necessary Information provided by the Large Purchaser and necessity for any additional information;
- (iv) The details of the large purchase action of the Large Purchaser;
- (v) Whether or not the large purchase action will significantly impair the corporate value of the Company and the common interests of its shareholders;
- (vi) Whether or not the Large Purchaser observes the Large Purchase Rules;
- (vii) Whether or not to extend the Directors' Evaluation Period (and the length of period, if extended);
- (viii) Whether or not to consult with the general meeting of shareholders as to whether nor not to trigger the Defense Measure;

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



- (ix) Whether or not to trigger, change or cease the Defense Measure;
- (x) Necessity for the continuation, change and cessation of the Large Purchase Rules;  
and
- (xi) Other matters which have been deemed necessary and put on consultation with the Independent Committee by the Board of Directors.

To ensure that the Independent Committee will make appropriate decisions, it must endeavor to collect necessary and sufficient information in deliberating on any of the matters listed above and may, at the expense of the Company (unless considered specifically unreasonable), receive advice from any third-party expert (including any financial advisor, certified public accountant, attorney, consultant and other professional).

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## Material 5

### Summary of Stock Acquisition Rights

1. Shareholders qualified for stock acquisition rights and the condition for the allocation thereof

The Company will allocate such number of stock acquisition rights to the shareholders recorded in the final register of shareholders as of the record date for the allocation of stock acquisition rights, as determined by the Board of Directors, for each of their shares of common stock of the Company (excluding those held by the Company) as shall be determined separately by the Board of Directors, without payments therefor.

2. Class and number of shares to be issued or transferred upon exercise of stock acquisition rights

The shares to be issued or transferred upon exercise of stock acquisition rights shall be shares of common stock of the Company. The total number of shares to be issued or transferred upon exercise of stock acquisition rights shall not exceed the number obtained by deducting the total number of issued shares of common stock of the Company (excluding those held by the Company) from the total number of shares authorized to be issued by the Company as of the record date for the allocation thereof, as determined by the Board of Directors.

The number of shares to be issued or transferred upon exercise of each stock acquisition right shall be determined separately by the Board of Directors.

3. Total number of stock acquisition rights to be allocated

The total number of stock acquisition rights to be allocated shall be a number to be determined separately by the Board of Directors. The Board of Directors may allocate stock acquisition rights in two or more series.

4. Amount of property to be contributed upon exercise of each stock acquisition right

The amount of property to be contributed (the amount to be paid in) upon exercise of each stock acquisition right shall be no less than one yen, as shall be determined by the Board of Directors.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## 5. Restriction on transfer of stock acquisition rights

The acquisition of stock acquisition rights by any transfer thereof shall be subject to approval of the Board of Directors.

## 6. Conditions for exercise of stock acquisition rights

Conditions for exercise of stock acquisition rights, such as the denial of the exercise thereof by any person belonging to any specified shareholder group with a ratio of 20% or more of voting rights, shall be established. The particulars of the conditions for exercise of stock acquisition rights shall be determined separately by the Board of Directors.

## 7. Exercise period, reasons for the acquisition, and conditions for the acquisition of stock acquisition rights and other necessary matters

The exercise period, reasons for the acquisition, and conditions for the acquisition of stock acquisition rights and other necessary matters shall be determined separately by the Board of Directors. In the event that shares of common stock are delivered as consideration for the acquisition of stock acquisition rights, the maximum number of such shares of common stock shall be the number obtained by deducting the total number of issued shares of common stock of the Company (excluding those held by the Company) from the total number of shares authorized to be issued by the Company as of the date of the acquisition of stock acquisition rights.

Even after the determination to trigger the Defense Measure, in the event that the Large Purchaser revokes or changes the large purchase action or otherwise the Board of Directors judges it inappropriate to trigger the Defense Measure, it may cease the triggering of the Defense Measure. On or after the day on which the free allocation of the stock acquisition rights shall become effective and prior to the commencement of the exercise period of the stock acquisition rights, the Board of Directors may acquire the stock acquisition rights without compensation by respecting reports from the Independent Committee to the maximum extent possible.

The stock acquisition rights may be attached with terms of the acquisition thereof. Such terms of the acquisition of the stock acquisition rights and the content of property to be delivered in exchange for the acquisition thereof may vary with regard to (i) the stock acquisition rights to be acquired and (ii) the property to be delivered in consideration of the acquisition thereof, according to whether or not an allocatee of the stock acquisition rights belongs to a specified shareholder group with a ratio of 20% or more of voting rights. It is not



# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



expected that any cash will be delivered as consideration for the acquisition of the stock acquisition rights held by any person who is not entitled to exercise stock acquisition rights.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## Consolidated Financial Statements

### Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of November 30, 2018)	Current fiscal year (As of November 30, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	38,493	46,777
Notes and accounts receivable-trade	77,034	83,651
Securities	9,500	10,000
Purchased goods and products	16,695	17,392
Work in process	963	2,354
Raw materials and supplies	10,595	9,089
Other current assets	5,566	5,951
Allowances for doubtful accounts	(446)	(426)
Total current assets	158,402	174,790
Fixed assets		
Tangible fixed assets		
Buildings and structures	181,314	183,036
Machinery, equipment and vehicles	175,809	179,442
Land	52,084	52,178
Lease assets	8,966	9,768
Construction in progress	11,223	15,268
Other tangible fixed assets	16,183	16,415
Accumulated depreciation	(246,726)	(248,650)
Total tangible fixed assets	198,856	207,459
Intangible fixed assets		
Goodwill	1,233	989
Software	4,322	6,399
Other intangible fixed assets	737	2,531
Total intangible fixed assets	6,293	9,921
Investments and other assets		
Investment securities	29,673	27,225
Assets for retirement benefits	11,552	9,898
Deferred tax assets	3,812	3,625
Other investments and other assets	11,328	11,566
Allowances for doubtful accounts	(181)	(177)
Total investments and other assets	56,184	52,138
Total fixed assets	261,334	269,519
Total assets	419,736	444,309

(Note) The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant guidelines effective as of the beginning of fiscal year 2019. Figures for the previous fiscal year have been retrospectively adjusted to reflect the application of the said accounting standard and relevant guidelines. Figures are stated by discarding fractions of one million yen.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



(Millions of yen)

	Previous fiscal year (As of November 30, 2018)	Current fiscal year (As of November 30, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	44,518	53,299
Short-term loans payable	9,496	7,322
Current portion of bonds	10,000	—
Accounts payable-other	17,025	20,406
Accrued income taxes	6,775	4,208
Reserves for sales rebates	831	861
Reserves for bonuses	1,937	2,083
Reserves for directors' bonuses	116	151
Other reserves	52	50
Other current liabilities	10,135	10,622
<b>Total current liabilities</b>	<b>100,888</b>	<b>99,006</b>
<b>Non-current liabilities</b>		
Bonds	—	10,000
Long-term loans payable	36,664	42,616
Deferred tax liabilities	6,100	5,344
Liabilities for retirement benefits	3,546	3,306
Other non-current liabilities	6,436	7,282
<b>Total non-current liabilities</b>	<b>52,748</b>	<b>68,550</b>
<b>Total liabilities</b>	<b>153,636</b>	<b>167,556</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Paid-in capital	24,104	24,104
Capital surplus	29,543	29,483
Earned surplus	183,431	196,551
Treasury stock	(15,859)	(15,862)
<b>Total shareholders' equity</b>	<b>221,219</b>	<b>234,276</b>
<b>Accumulated other comprehensive income</b>		
Unrealized holding gains (losses) on securities	10,618	9,045
Unrealized gains (losses) on hedges	(28)	6
Foreign currency translation adjustments	(1,459)	(3,241)
Accumulated adjustments for retirement benefits	(4,018)	(4,534)
Other accumulated other comprehensive income	5,112	1,275
<b>Non-controlling interests</b>	<b>39,768</b>	<b>41,201</b>
<b>Total net assets</b>	<b>266,100</b>	<b>276,753</b>
<b>Total liabilities and net assets</b>	<b>419,736</b>	<b>444,309</b>

(Note) The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant guidelines effective as of the beginning of fiscal year 2019. Figures for the previous fiscal year have been retrospectively adjusted to reflect the application of the said accounting standard and relevant guidelines. Figures are stated by discarding fractions of one million yen.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## Consolidated Statements of Income

(Millions of yen)

	Previous fiscal year (From December 1, 2017 to November 30, 2018)	Current fiscal year (From December 1, 2018 to November 30, 2019)
Net sales	573,525	545,723
Cost of sales	440,378	412,741
Gross profit	133,146	132,981
Selling, general and administrative expenses	100,078	100,933
Operating income	33,067	32,048
Non-operating income		
Interest and dividends income	597	565
Equity in earnings of affiliates	130	168
Other	1,404	1,717
Total non-operating income	2,132	2,451
Non-operating expenses		
Interest expenses	341	294
Other	509	930
Total non-operating expenses	850	1,224
Ordinary income	34,349	33,275
Extraordinary gains		
Gains on transfer of business	670	643
Gains on sales of investment securities	3,670	370
Gains on sales of fixed assets	137	137
Other	109	75
Total extraordinary gains	4,587	1,226
Extraordinary losses		
Losses on disposal of fixed assets	1,016	988
Losses on impairment of fixed assets	2,983	729
Other	1,349	295
Total extraordinary losses	5,350	2,013
Profit before income taxes	33,586	32,487
Income taxes	11,998	10,203
Income taxes - deferred	(275)	368
Profit	21,863	21,915
Profit attributable to non-controlling interests	3,542	3,216
Profit attributable to owners of parent	18,320	18,698

(Note) Figures are stated by discarding fractions of one million yen.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



Matters to be disclosed on the Internet  
pursuant to laws and regulations, and the Articles of Incorporation

## Consolidated Statements of Changes in Net Assets

## Notes to Consolidated Financial Statements

For the Fiscal Year 2019

(December 1, 2018 to November 30, 2019)

Kewpie Corporation

These matters are made available by publication on the Internet website of Kewpie Corporation (the "Company") pursuant to laws and regulations and its Articles of Incorporation.

(<https://www.kewpie.com/en/ir/>)

\* The contents of the consolidated statements of changes in net assets and the notes to consolidated financial statements are those audited by the account auditors by January 20, 2020.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## Consolidated Statements of Changes in Net Assets

(From December 1, 2018 to November 30, 2019)

(Millions of yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of the current fiscal year	24,104	29,543	183,431	(15,859)	221,219
Changes of items during the fiscal year					
Dividends from surplus			(5,578)		(5,578)
Profit attributable to owners of parent			18,698		18,698
Purchase of treasury stock				(2)	(2)
Capital increase of consolidated subsidiaries		(10)			(10)
Sales of shares of consolidated subsidiaries		(49)			(49)
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	–	(59)	13,119	(2)	13,056
Balance at the end of the current fiscal year	24,104	29,483	196,551	(15,862)	234,276

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the current fiscal year	10,618	(28)	(1,459)	(4,018)	5,112	39,768	266,100
Changes of items during the fiscal year							
Dividends from surplus							(5,578)
Profit attributable to owners of parent							18,698
Purchase of treasury stock							(2)
Capital increase of consolidated subsidiaries							(10)
Sales of shares of consolidated subsidiaries							(49)
Net changes of items other than shareholders' equity	(1,572)	34	(1,782)	(516)	(3,836)	1,433	(2,403)
Total changes of items during the fiscal year	(1,572)	34	(1,782)	(516)	(3,836)	1,433	10,653
Balance at the end of the current fiscal year	9,045	6	(3,241)	(4,534)	1,275	41,201	276,753

(Note) Figures are stated by discarding fractions of one million yen.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## **Notes to Consolidated Financial Statements**

### I. Notes on the matters forming the basis of preparation of consolidated financial statements

#### 1. Consolidated subsidiaries

The Company has fifty-eight (58) consolidated subsidiaries. The significant consolidated subsidiaries are Kewpie Egg Corporation, Deria Foods Co., Ltd., Kewpie Jyozo Co., Ltd., K.R.S. Corporation, Salad Club, Inc. and Aohata Corporation.

In the current fiscal year, Tsukuba Egg Processing Co., Ltd. has been included in the scope of consolidation as a result of its new establishment. On the other hand, Kanae Foods Co., Ltd. (specified subsidiary) has been excluded from the scope of consolidation as a result of its merger and absorption into Kewpie Egg Corporation (specified subsidiary), which serves as the surviving entity.

As a consequence, one company was added and one company was excluded.

Among the eighteen (18) non-consolidated subsidiaries, the principal one is K. LP Corporation. These companies are excluded from consolidation, because each of the amount of their total assets, net sales, profit and loss and earned surplus (based on the Company's ownership percentage) does not have a significant effect on the consolidated financial statements of the Company.

#### 2. Application of the equity method

An equity method is applied to the investments in three affiliated companies. The significant affiliate under the equity method is Summit Oil Mill Co., Ltd.

The investments in K. LP Corporation and seventeen (17) other non-consolidated subsidiaries, as well as AK Franchise System Co., Ltd. and three other affiliated companies are not accounted for on an equity method, since each of the amounts of profit and loss and earned surplus (based on the Company's ownership percentage) did not have a significant effect on the consolidated financial statements of the Company.

#### 3. Fiscal years of consolidated subsidiaries

Among consolidated subsidiaries of the Company, the fiscal year end of nine foreign consolidated subsidiaries is September 30 and that of six foreign consolidated subsidiaries is December 31.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



Six foreign subsidiaries whose fiscal year end is December 31 are consolidated based on their provisional financial statements based on a provisional settlement of accounts as at September 30. Other nine foreign subsidiaries are consolidated based on the financial statements as at their fiscal year end. However, significant transactions of those subsidiaries recognized during the period after their settlement of accounts (September 30) to the fiscal year end of the Company's consolidated financial statements (November 30) are reflected.

## 4. Accounting policies

### (1) Basis and method of valuation of significant assets

#### (a) Securities

- i) Held-to-maturity bonds are stated at amortized cost (by the straight-line method).
- ii) Shares in subsidiaries and affiliated companies not subject to the equity method are stated at cost, determined by the moving average method.
- iii) Other securities with market value are stated at market value, determined by market prices, etc. as of the closing of the fiscal year. (Revaluation differences are all transferred directly to net assets. Selling costs are determined by the moving average method.) Those without market value are stated at cost, determined by the moving average method.

#### (b) Derivatives

Stated at market value.

Hedge accounting is applicable to hedge transactions that meet the requirements thereof.

#### (c) Inventories

Purchased goods and products, work in process, raw materials and supplies are principally stated at moving average cost (the value method to devalue a book value for decreasing profitability).



# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## (2) Depreciation and amortization of significant depreciable and amortizable assets

### (a) Tangible fixed assets (excluding lease assets)

Tangible fixed assets are depreciated by the straight-line method.  
The main useful lives are as follows.

Buildings and structures: 2–50 years

Machinery, equipment and vehicles: 2–10 years

### (b) Intangible fixed assets (excluding lease assets)

Intangible fixed assets are amortized by the straight-line method.  
The main useful life is as follows.

Software: 5 years

### (c) Lease assets

Lease assets in finance lease transactions other than those which are deemed to transfer the ownership of lease assets to lessees are calculated by the straight-line method by considering the lease period to be useful life and the residual value to be zero.

## (3) Method of treatment of significant deferred assets

Business commencement expenses are recorded as expenses in full at the time of payment.

## (4) Accounting standards for significant allowances

### (a) Allowances for doubtful accounts

To provide for losses on bad debts, the Company sets aside an estimated uncollectable amount, by taking into consideration the possible credit loss rate in the future based on the actual loss rate in respect of general credits, and the particular possibilities of collection in respect of possible non-performing credits and other specific claims.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## (b) Reserves for sales rebates

To provide for payments for sales rebates to be borne during the current fiscal year, reserves for sales rebates are provided based on an accrual basis in accordance with each company's policy (rate of the estimated payments for sales rebates to sales).

## (c) Reserves for bonuses

To provide for the payment of bonuses to employees, reserves for bonuses are provided according to the expected amount of the payment which attributes to the current fiscal year.

## (d) Reserves for directors' bonuses

To provide for the payment of bonuses to directors, reserves for directors' bonuses are provided according to the estimated amounts payable at the end of the current fiscal year.

## (5) Accounting for retirement benefits

### (a) Periodic allocation method for projected retirement benefits

In calculating retirement benefit obligations, the method of allocating the projected retirement benefits to the period up to the end of the current fiscal year is the benefit formula basis.

### (b) Method of accounting for actuarial gains or losses and prior service costs

Prior service costs are amortized by the straight-line method principally over twelve (12) years based on the average remaining employees' service years at the time of accrual.

Actuarial gains or losses are amortized by the straight-line method principally over twelve (12) years based on the average remaining employees' service years at each fiscal year, and their amortizations start from the next fiscal year of the respective accrual years.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



In addition, if the amount of pension fund assets exceeds that of retirement benefit obligations for benefit pension plan, it is provided as assets for retirement benefits on the consolidated balance sheets.

(6) Significant methods of hedge accounting

- (a) Deferral hedge is adopted in hedge accounting. Appropriation processing is adopted for transactions that meet the requirements for that method. Special treatment is adopted for interest rate swap transactions that meet the requirements for special treatment.
- (b) Hedging instruments are forward exchange contracts, interest rate swap transactions and commodity futures transactions.
- (c) Hedged items are purchase transactions in foreign currencies, purchase transactions, equity investments in overseas subsidiaries and interest of loans.
- (d) The Company enters into forward exchange contracts to hedge risks from fluctuations in foreign exchange rates, and interest rate swap transactions to hedge risks from fluctuations in interest rates in the future.

The Company conducts commodity futures transactions to hedge market fluctuation risk relating to grain market prices.

In addition, the Company never makes use of them for the purpose of speculative transactions.

(e) Assessment of the effectiveness of hedge accounting

Control procedures of hedge transactions are executed according to the Company's internal rules. The effectiveness of the hedge is analyzed by comparing movements in the fair value of hedged items with those of hedging instruments, assessed and strictly controlled.

However, the assessment of the effectiveness of interest rate swap transactions that conform to the special treatment is omitted.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## (7) Amortization of goodwill

Goodwill is amortized on a straight-line basis over its estimated useful life during which its effect will be realized. However, trivial goodwill is fully amortized in the fiscal year in which it is incurred.

## (8) Other important matters forming the basis of preparation of consolidated financial statements

Consumption taxes are treated on a net-of-tax basis.

## II. Notes on changes in presentation

(Consolidated balance sheets)

(Changes in accordance with the application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) effective as of the beginning of the current fiscal year. Accordingly, "deferred tax assets" were recorded under "Investments and other assets" and "deferred tax liabilities" were recorded under "Non-current liabilities".

## III. Notes to consolidated balance sheets

### 1. Pledged assets and secured obligations

Amount of pledged assets (book value):	Tangible fixed assets	¥1,133 million
	Total	¥1,133 million
Obligations secured by such pledged assets:	Short-term loans payable	¥713 million
	Long-term loans payable	¥356 million
	Total	¥1,070 million
2. Contingent liabilities		
Guarantee obligations		¥241 million

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## IV. Note to consolidated statement of income

### (Gains on transfer of business)

Gains were recognized from the transfer of sales rights for part of thick liquid foods and related products.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## V. Notes to consolidated statements of changes in net assets

### 1. Classes and total numbers of shares issued and outstanding and shares of treasury stock

	Class of shares issued and outstanding	Class of shares of treasury stock
	Shares of common stock	Shares of common stock
Number of shares as of December 1, 2018	150,000,000 shares	6,956,925 shares
Increase in the number of shares during the year	—	1,125 shares
Decrease in the number of shares during the year	—	—
Number of shares as of November 30, 2019	150,000,000 shares	6,958,050 shares

(Note) The increase in the number of shares of treasury stock (common stock) is due to the acquisition of shares less than one unit.

### 2. Distribution of surplus

#### (1) Amount of dividends paid

(a) At the meeting of the Board of Directors held on January 23, 2019, a resolution was adopted as follows:

- Matters concerning dividends on shares of common stock
  - i) Total amount of dividends ¥2,717 million
  - ii) Amount of dividend per share ¥19.00
  - iii) Record date November 30, 2018
  - iv) Effective date February 7, 2019

(b) At the meeting of the Board of Directors held on June 26, 2019, a resolution was adopted as follows:

- Matters concerning dividends on shares of common stock
  - i) Total amount of dividends ¥2,860 million
  - ii) Amount of dividend per share ¥20.00
  - iii) Record date May 31, 2019
  - iv) Effective date August 5, 2019

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



- (2) Dividends whose record date fell during the current fiscal year but whose effective date will fall during the next fiscal year

A proposition is planned to be submitted to the meeting of the Board of Directors to be held on January 22, 2020 as follows:

- Matters concerning dividends on shares of common stock
  - i) Total amount of dividends ¥3,576 million
  - ii) Fund of dividends Earned surplus
  - iii) Amount of dividend per share ¥25.00
  - iv) Record date November 30, 2019
  - v) Effective date February 7, 2020

## VI. Notes to financial instruments

### 1. Matters relating to the status of financial instruments

- (1) Policy in relation to financial instruments:

The Group raises required funds through bank loans and bond issues according to its equipment investment plan. Floating money is invested in high-security financial assets and short-term operating funds are provided by bank loans. The Group uses derivatives to hedge risks, as described below, and has a policy not to conduct speculative trading.

- (2) Details of financial instruments and related risks:

Notes and accounts receivable - trade, which are operating receivables, are exposed to clients' credit risks. Securities and investment securities, which principally consist of shares in the client companies related with the Group's business, are exposed to market risk.

Substantially all of notes and accounts payable - trade, which are operating payables, have payment due dates within one year. Some operating payables in relation to import of raw materials are denominated in foreign currencies and exposed to foreign currency risk, which is hedged by using forward exchange contracts when necessary. Short-term loans payable are funds raised principally in relation to business transactions and long-term loans payable and bonds are funds raised principally for equipment investment requirements. Certain funds so raised bear floating interest rates

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



and are exposed to interest volatility risk, which is hedged by using interest rate swap transactions, among others.

Derivatives are forward exchange contracts to hedge foreign currency risk involving payables in foreign currencies, interest rate swap transactions to hedge interest volatility risk relating to loans payable, oil swaps to hedge market risk relating to prices of light oil and heavy oil, and commodity futures to hedge market fluctuation risk relating to grain market prices. With regard to hedging instruments, hedged items, hedge policies, the method of assessment of the effectiveness of hedges, etc., please refer to the above "I. Notes on the matters forming the basis of preparation of consolidated financial statements: 4. Accounting policies: (6) Significant methods of hedge accounting".

## (3) Risk management system relating to financial instruments:

### (i) Management of credit risk:

The Company, through its operation management division and accounting and financing division, periodically monitors the conditions of its major clients and manages the due dates and balances of its operating receivables by client to early detect or reduce credits that may become uncollectable due to the deterioration of its financial position or other reasons. Likewise, its consolidated subsidiaries manage their operating receivables.

With regard to derivatives, the Company perceives very little credit risk as it enters into transactions solely with financial institutions with high ratings.

### (ii) Management of market risk:

The Group uses forward exchange contracts to hedge foreign currency risk involving payables in foreign currencies, interest rate swap transactions to hedge interest volatility risk relating to loans payable, oil swaps to hedge market risk relating to prices of light oil and heavy oil, and commodity futures to hedge market fluctuation risk relating to grain market prices. The Company's risk management relating to such derivatives is conducted by its Division of Production and Financial Department pursuant to its internal rules and all of the trading results are reported to the General Manager of the Financial Department. With regard to its consolidated subsidiaries, such risk management is conducted principally by their respective administration divisions and all of the trading



# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



results are reported to the respective directors of the subsidiaries responsible therefor.

With regard to securities and investment securities, the Company periodically gains information on the market values and financial standings of the issuers (client companies) and reviews the holding of securities other than those held to maturity on a continuous basis by taking into consideration the market conditions and the relationships with the client companies.

## (iii) Management of liquidity risk relating to financing:

The Group prepares and revises cash flow projections on a timely basis and keeps current cash flow at a specified level through overdraft agreements with several banks and a cash management system to manage liquidity risk.

## (4) Supplementary explanation of matters relating to the fair values of financial instruments, etc.:

The fair values of financial instruments include market prices and reasonably estimated values if there are no market prices. As the estimation of fair values incorporates variable factors, adopting different assumptions may change the values.

## 2. Matters concerning fair values, etc. of financial instruments

The following table shows amounts for items recorded in the consolidated balance sheets as of November 30, 2019, along with their fair values and the variances. Items for which determining the fair values is recognized as being extremely difficult are not included in the table. (See Note 2)

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



(Millions of yen)

	Balance sheet amount	Fair value	Variance
(1) Cash and deposits	46,777	46,777	—
(2) Notes and accounts receivable - trade	83,651		
Allowances for doubtful accounts (*1)	(409)		
	83,241	83,241	—
(3) Securities and investment securities	32,017	32,017	—
Total assets	162,036	162,036	—
(4) Notes and accounts payable - trade	53,299	53,299	—
(5) Short-term loans payable	3,862	3,862	—
(6) Accounts payable - other	20,406	20,406	—
(7) Accrued income taxes	4,208	4,208	—
(8) Bonds	10,000	10,006	6
(9) Long-term loans payable (*2)	46,077	46,073	(3)
Total liabilities	137,853	137,855	2
Derivatives (*3)	9	9	—

(\*1) Allowances for doubtful accounts of notes and accounts receivable - trade are excluded from the notes and accounts receivable - trade.

(\*2) Long-term loans payable include the current portion of long-term loans payable that are included in short-term loans payable.

(\*3) Net receivables and payables resulting from derivatives are presented in net amounts.

(Note 1) Matters concerning the calculation method of the fair values of financial instruments, as well as securities and derivatives:

## Assets

(1) Cash and deposits and (2) Notes and accounts receivable - trade:

The book value is used for these items, as the fair value is nearly equal to the book value as a result of their short settlement periods.

(3) Securities and investment securities:

The fair value of stocks is determined by the price thereof traded on an exchange. For bonds, the value is determined by the price on an exchange or the price announced by the counterparty financial institutions. For money in trust or otherwise, the book value is used, as the fair value is nearly equal to the book value as a result of its short settlement periods.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## Liabilities

(4) Notes and accounts payable - trade, (5) Short-term loans payable, (6) Accounts payable - other and (7) Accrued income taxes:

The book value is used for these items, as the fair value is nearly equal to the book value as a result of their short settlement periods.

(8) Bonds

The fair value of bonds with fixed interest rates is measured as the present value of the total principal and interest discounted at a rate that would be applied for a new similar issuance.

(9) Long-term loans payable:

The fair value of long-term loans payable with fixed interest rates is calculated from the present value of the total principal and interest discounted at a rate supposing newly conducted similar borrowings. For long-term loans payable with floating interest rates, the book value is used, as the fair value is nearly equal to the book value as a result of the revision of interest rates based on the market interest rates in short periods. With regard to some long-term loans payable with floating interest rates subject to special treatment of interest rate swaps, the fair value is calculated by discounting the total principal and interest to be processed together with such interest swaps, at a reasonably estimated rate supposing conducted similar borrowings.

## Derivatives

Fair values with respect to derivative transactions are calculated based on prices indicated by counterparty financial institutions and other such entities. With regard to derivatives subject to special treatment of interest rate swaps, the fair value is indicated by inclusion in the fair value of long-term loans payable to be hedged, as they are processed together with such long-term loans payable.

(Note 2) Financial instruments for which determining the market values is recognized as being extremely difficult:

Category	Balance sheet amount (Millions of yen)
Unlisted shares	5,207

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



The item has no market price. Accordingly, as determining the market value is recognized as being extremely difficult, it is not included in "(3) Securities and investment securities".

## VII. Note to leased and other real estate properties

Note to leased and other real estate properties are omitted as the total amount thereof is insignificant.

## VIII. Note on information per share

Net assets per share	¥1,646.73
Earnings per share (basic)	¥130.72

## IX. Notes on material subsequent events

Not applicable.