The Kewpie Group TCFD and TNFD Report for FY2025

Contents

1. Necessity of Information Disclosure in Line with TCFD and TNFD Recommendations

The Kewpie Group aims to remain a company that continues contributing to society by delivering "great taste, empathy, and uniqueness" to support food and health around the world. We position sustainability activities as essential and promote them as a foundation for the Group's sustainable growth, while contributing to the realization of a sustainable society through the practice of our Group philosophy and principles. Based on this approach, we established the Kewpie Group Sustainability Basic Policy in 2022 and revised it in December 2024.

The Sustainability Basic Policy outlines our approach to climate change, biodiversity conservation, and sustainable procurement. We consider it important to understand our dependencies and impacts, risks, and opportunities related to climate change and natural capital, and to disclose this information to a wide range of stakeholders. With this understanding, we are working to disclose information in line with recommendations from the Taskforce on Climate-Related Financial Disclosures (TCFD)[1] and Taskforce on Nature-Related Financial Disclosures (TNFD).[2]

[1] TCFD: Taskforce on Climate-Related Financial Disclosures. Established in 2015 by the Financial Stability Board (FSB) at the request of the G20. TCFD recommends evaluating the financial impacts of climate-related risks and opportunities and disclosing information on governance, strategy, risk management, as well as metrics and targets.

[2] TNFD: Taskforce on Nature-Related Financial Disclosures. This taskforce was established following the TCFD to assess risks and opportunities related to natural capital and biodiversity and to recommend related disclosures. It encourages financial institutions and companies to disclose information and promotes the development of a disclosure framework for nature-related risks to shift financial flows toward nature-positive outcomes.

With an emphasis on the aspiration for **"love around the kitchen table,"**
we aim to address and resolve various issues through
"great taste, empathy and uniqueness."
We will create a future full of smiles by caring for people
and the environment throughout the value chain,
from product design and raw material procurement,
to production, sales and consumption.

Contributing to Food Culture and Health

- Focusing on salads and eggs as key components of dietary habits, we contribute to extending the healthy life expectancy of people around the world through the pursuit and global promotion of nutrition and health benefits.
- Through food, we support the mental and physical health of children who will create the future.

Effective Use and Recycling of Resources

- As the only manufacturer in the world that makes effective use of the entire egg, we will continue to refine our technologies and create value.
- In proposing ways of eating and utilizing uneaten portions, we aim to become a globally unique "vegetable utilization manufacturer."
- To realize a recycling-oriented society in plastics, we will promote environmentally friendly product design and collaboration with external parties.
- Recognizing that water is a limited and precious resource, we will use it efficiently and reduce the environmental impact of water intake and discharge.
- We will develop extensive technologies matching demand information with transportation and delivery data information to eliminate food loss.

Deal with Climate Change

- We aim to reduce CO_2 emissions throughout the value chain, from the procurement of raw materials to product consumption.

Conservation of Biodiversity

- We will strive to minimize negative impacts on biodiversity and restore and regenerate ecosystems.

Sustainable Procurement

- In addition to safety, we will collaborate with business partners to promote stable procurement that takes into consideration environmental impacts and human rights.

Respect for Human Rights

- We promote employee diversity and inclusion, protecting the human rights of everyone involved in our business.

In line with the founding philosophy of Toichiro Nakashima, "contributing to society through healthier dietary lifestyle," the Kewpie Group works to address social issues and aims to contribute to the realization of a sustainable society and the sustainable growth of the Group. Achieving these goals requires strategies that incorporate not only biodiversity but also climate change and the circular economy. TCFD and TNFD share a similar structure and recommend disclosure under four pillars: Governance, Strategy, Risk (and Impact) Management, and Metrics and Targets. While we have previously disclosed information separately in line with the TCFD and TNFD recommendations, this year we prepared an integrated TCFD–TNFD report as a new initiative. Going forward, we will continue analyzing risks and opportunities that consider the interlinkages between climate change and natural capital, and explore integrated approaches that enhance our sustainability and contribute to a sustainable society.

2. General Requirements

2-1. Application of Materiality

We adopted single materiality in this disclosure. Single materiality is a concept that focuses on issues considered likely to affect a company's financial performance. In our TCFD disclosures, we adopted the single materiality approach, under which we analyze the impacts of climate change on the financial aspects of our business activities. From the perspective of ensuring consistency with our past disclosures, this report focuses on the impact of changes in the natural environment on our company's business activities. On the other hand, according to the TNFD recommendations, a company can also adopt the double-materiality perspective, which emphasizes the impacts of business activities on the environment and society. Therefore, we included a trial analysis of the impact of our business activities on the natural environment this year.

2-2. Scope of Disclosure

Based on a comprehensive assessment of each business in the Kewpie Group across the entire value chain in terms of business scale and dependencies/impacts on nature, the scope of this disclosure is as shown in the table. In the mid-term management plan, we plan to gradually expand the scope of the analysis.

With respect to TCFD, in FY2024, we analyzed the climate change risks and opportunities for prepared foods (potatoes, carrots, and onions). In addition to crops, primarily grains, used for our main raw materials (cooking oil, eggs, and vinegar), we recognized that crops such as cabbage, lettuce, potatoes, carrots, and onions are also affected by climate change. Thus, we are considering a strategy to reduce dependence on specific crops over the medium to long term.

For TNFD, in FY2024 (the first year of disclosure), we focused on the direct operations of the Kewpie Group and the production of ingredients for our main business of mayonnaise and dressings (especially sesame dressing), particularly the upstream raw material production regions. We identified soybeans, canola, palm, corn, sesame, apples, and hen's eggs as the main raw materials for sesame dressing and set them as the targets for analysis.

	Scope of disclosure (TCFD)
FY2021	Mayonnaise and sesame dressing
FY2022	Mayonnaise, dressing, and eggs (liquid eggs and processed foods)
FY2023	Mayonnaise, dressing, eggs, and packaged salad (cabbage, lettuce)
FY2024	Mayonnaise, dressing, eggs, packaged salad, prepared foods (potato, carrot, and onion)

	Scope of disclosure (TNFD)
FY2024	Mayonnaise and sesame dressing

2-3. Areas with Nature-Related Issues

For TNFD, we applied the LEAP approach to identify priority locations with strong nature-related connections within the upstream raw material production regions for the Kewpie Group's direct operations and our main business of mayonnaise and dressings (especially sesame dressing).

The LEAP approach refers to an integrated approach for assessing nature-related issues, including the interactions with nature (dependencies/impacts) and the risks and opportunities arising from them.

2-4. Time Horizons Considered

In this report, we analyzed each business of the Kewpie Group within the entire value chain at "present" and identified nature-related risks and opportunities with the same time horizon. In the future, we will consider further analysis with a medium- to long-term time horizon.

2-5. Engagement with Indigenous Peoples, Local Communities, and Affected Stakeholders in the Identification and Assessment of the Organization's Nature-Related Issues

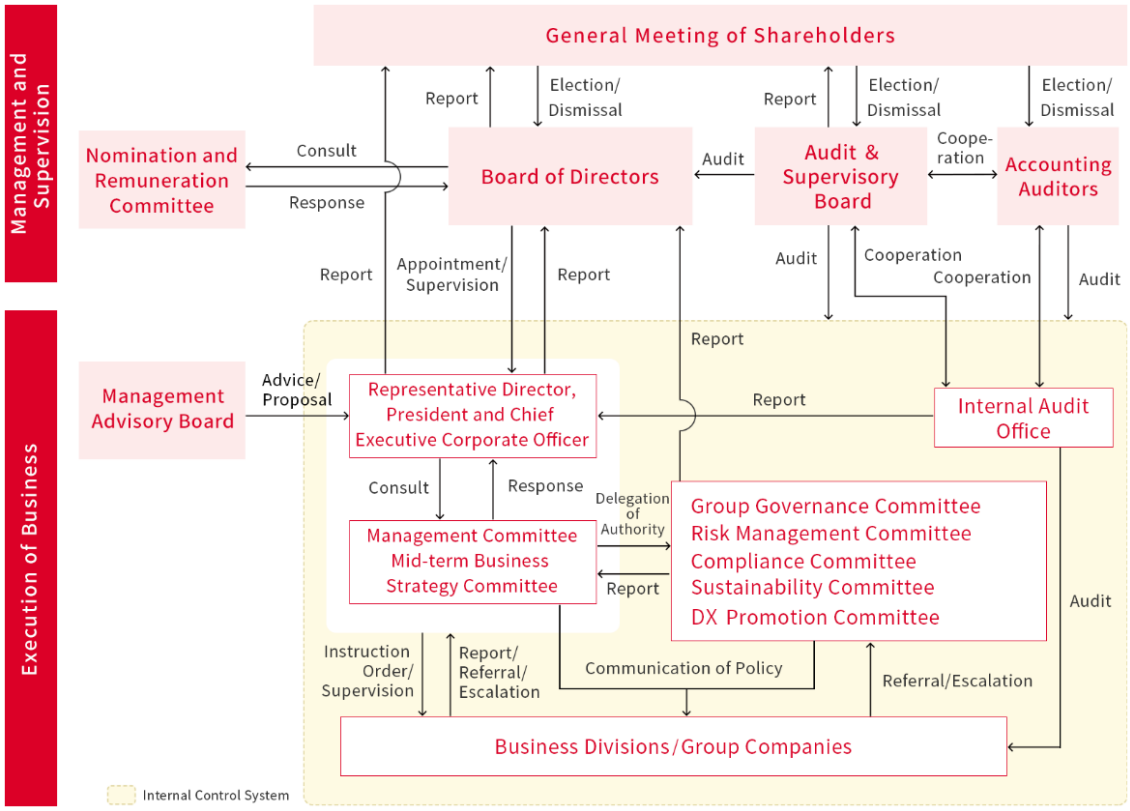
The Kewpie Group adheres to the human rights norms set forth in the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and regards the United Nations Guiding Principles on Business and Human Rights (UNGPs) as a framework for implementation. We comply with the laws and regulations of each country or region in which we operate. We recognize the need to further develop our engagement with indigenous peoples and local communities.

3. Governance

3-1. Corporate Governance

Our corporate governance structure is operated as shown in the figure. Sustainability issues are discussed in the Sustainability Committee and the Risk Management Committee, etc., under the authority delegated by the Management Committee and the Mid-Term Business Strategy Committee, which are advisory bodies to the President & CEO. The results are reported through the Management Committee/the Mid-Term Business Strategy Committee to the Board of Directors and the General Meeting of Shareholders as part of this system/framework.

In the final year of the Medium-term Management Plan, directors' bonuses may increase or decrease by up to 30% depending on the achievement of predetermined evaluation indicators. Evaluation indicators include those listed in part 6 of this report. The section Indicators and Targets "Performance and targets for priority sustainability issues," such as the CO_2 emissions reduction rate (compared to FY2013), achieving 100% sustainable paper procurement by FY2025 (for containers/packaging, printed booklets, promotional materials, and office supplies), and the reduction rate of water consumption intensity (compared to FY2022) are listed.



3-2. Sustainability Promotion Structure

	Board of Directors	Sustainability Committee
Members	・Composed of five internal and four external members. ・The Chair is the Chairperson of the Board of Directors.	・Composed of 17 internal members. ・The Committee Chair is the Executive Officer in charge of Sustainability.
Meetings held	At least once per year[3]	4 times/year
Role	Oversight of sustainability-related matters	Formulation of sustainability-related policies and plans, determination of key issues, and promotion of initiatives on material issues
Notes	・The Board of Directors includes members with management-level experience in roles focused on environmental issues. ・We regularly engage with external stakeholders and experts on environmental issues.	・The results of the committee are reported to the Board of Directors, which provides oversight.

[3] Number of Board of Directors meetings: The Board meets 12 times per year and discusses sustainability-related matters at least once each year.

3-3. Human Rights Policy and Engagement with Stakeholders

Recognizing that all of our business activities may directly or indirectly affect human rights, and in order to respect the human rights of everyone involved in our business, we have established the Kewpie Group Human Rights Policy. We are working together with our suppliers and other business partners by expecting and encouraging them to comply with this policy. Under the "Kewpie Group Basic Policy for Sustainable Procurement," we have established the "Kewpie Group Supplier Guidelines" as guidelines for our business partners. Going forward, we will strive to reduce human rights risks in the value chain through the implementation of questionnaires to suppliers and ongoing communication.

In addition, we engage with stakeholders through participation in collaborative environmental frameworks and initiatives, as listed below.

Initiatives we participate in	Overview
Roundtable on Sustainable Palm Oil (RSPO)	The RSPO is a non-profit organization established in 2004 by seven organizations, including WWF, with the aim of promoting sustainable palm oil production and use through globally trusted certification standards and stakeholder participation. The Kewpie Group has participated in the RSPO (Roundtable on Sustainable Palm Oil) since 2018 to advance sustainable procurement.
Task Force on Climate-Related Financial Disclosures (TCFD)	We have supported the initiative since 2021 and also participate in the TCFD Consortium. As a leading company in mayonnaise and dressings in Japan, we play a role in ensuring appropriate disclosure.
Taskforce on Nature-Related Financial Disclosures (TNFD)	Since April 2024, we have endorsed the initiative and participated in the TNFD Forum. As a leading company in mayonnaise and dressings in Japan, we play a role in ensuring appropriate disclosure.
Ministry of the Environment Water Project	The Water Project is a public-private initiative that introduces corporate water initiatives and communicates the importance of water and accurate information to the public. We organize cleanup activities for the Gongendo River, which flows through Goka Town, Sashima District, Ibaraki Prefecture, and share these efforts on our website and other channels.
CLOMA	CLOMA is an initiative aimed at plastic resource circulation. We participate as a core member of a working group promoting the resource circulation of plastics used in mayonnaise bottles, proactively leading technology verification and studies on collecting mayonnaise bottles, and playing a role in leading other companies.

Sustainable Consortium 2030 - for Agriculture, Forestry, Fisheries and Food	The Sustainable Consortium 2030 is a Ministry of Agriculture, Forestry and Fisheries initiative launched to help achieve the SDGs by 2030 and create a prosperous future for the next generation. We have participated since 2020 with the aim of promoting sustainability in food and the agriculture, forestry, and fisheries sectors.
JaSPON	JaSPON is a network established by retailers, consumer goods manufacturers, NGOs, and others to address social and environmental issues in palm oil production and accelerate sustainable palm oil procurement and consumption in Japan. We have participated since 2019.
GPN (Green Purchasing Network)	GPN is a network that promotes green purchasing and undertakes awareness-raising, information sharing, and research to foster markets for environmentally responsible products and services and contribute to a sustainable socio-economic system. Under our Basic Policy on Green Purchasing, we have been a member of GPN since 1996.
Strategic Initiative for a Healthy and Sustainable Food Environment （HSFE）	The Strategic Initiative for a Healthy and Sustainable Food Environment, launched by the Ministry of Health, Labour and Welfare and promoted through industry-academia-government collaboration, views issues such as excessive salt intake, underweight among young women, and nutrition gaps linked to economic disparities as major social challenges and aims to build a vibrant, sustainable society. We have participated in the Strategic Initiative for a Healthy and Sustainable Food Environment（HSFE）since March 2021 and are working toward targets to address excessive salt (sodium) intake.
United Nations Global Compact (UNGC)	The UNGC is a voluntary initiative in which companies and organizations demonstrate responsible and creative leadership, act as good members of society, and participate in building a global framework for sustainable growth. We support the Ten Principles in the four areas of human rights, labor, environment, and anti-corruption, and are advancing initiatives toward their implementation. We signed and joined the UNGC in February 2025.
Keidanren Initiative for Biodiversity Conservation	The Keidanren Initiative for Biodiversity Conservation shares and promotes, on a dedicated website, both domestically and internationally, the policies and activities of companies and organizations that work on multiple items of the "Keidanren Biodiversity Declaration and Action Guidelines (Revised)" or support its overall intent. We have supported the initiative since 2024.

4. Strategy

For this chapter, we disclose TCFD and TNFD information separately this fiscal year; however, from next year onward, we will advance analyses of risks and opportunities that consider the interlinkages between climate change and natural capital.

4-1. TCFD

4-1-1. Application of Scenario Analysis

The Kewpie Group identifies the various risks and opportunities associated with climate change from short-, medium-, and long-term perspectives according to their significance, and periodically reviews its analysis and evaluation in light of changes in the external environment. For our analysis, we have identified two key scenarios in line with the scenarios published by the Intergovernmental Panel on Climate Change (IPCC)[4] and International Energy Agency (IEA) [5]. The first scenario assumes a 1.5–2°C temperature rise above pre-industrial levels by 2100 with progress in environmental policies ("Environmental Policy Progress Scenario"), while the second assumes a 2.7–4°C temperature rise where measures necessary for climate change or additional measures are not taken ("Business-as-Usual Scenario"). We calculated the impacts on our business in 2030 under these scenarios. We will consider measures to deal with the risks and opportunities identified, incorporate them into our single-year and medium-term management plans, and promote them.

Scenario	Content
Environmental Policy Progress Scenario (Used for identifying transition risks and opportunities)	Strict environmental regulations and high carbon taxes will be introduced, and the world will achieve carbon neutrality. The agriculture, forestry, and fishery sectors will achieve zero CO_2 emissions, while suppliers' environmental response costs will rise. Consumers will become more health-conscious and will thus increase their intake of salads and other vegetables. In addition, demand for highly sustainable products will increase due to rising environmental awareness.
BAU Scenario (Used for identifying physical risks and opportunities)	Despite the progress of low-carbonization initiatives, carbon neutrality will not be achieved by 2050, and rising temperatures will increase the frequency and severity of natural disasters, including a higher incidence of flooding at supplier and company production sites. Lower crop yields caused by heat stress will also lead to a rise in the cost of procuring raw materials. On the other hand, rising temperatures will increase demand for immunity-related products and services.

[4] IPCC: The Intergovernmental Panel on Climate Change (IPCC) is an intergovernmental organization established in 1988 by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP). It provides scientific information necessary for national climate policy.

[5] IEA: The International Energy Agency (IEA) is an autonomous organization established in 1974 within the OECD framework following the first oil crisis. The IEA provides information such as medium- to long-term energy supply and demand outlooks needed for energy policy.

4-1-2. Major Climate Change Risks and Opportunities

We identified our risks and opportunities based on the scenarios. Details of TOPIC 1–5 are provided in "6-2. TOPIC: Initiatives for Addressing Material Issues."

	Sector	Value Chain	Risk Overview	Impact[6]	Urgency[7]	Measures
Transition risk	Policy/ Regulation	Direct operations	Introduction of a carbon tax	Moderate	Medium term	○ Reduction of CO_2 emissions ・Promotion of low-carbon investment through the use of internal carbon pricing (TOPIC 1) ・Capital investment guided by CO_2 reduction indicators (e.g., promotion of electrification) ・Improved energy efficiency through the review of manufacturing processes ・Adoption and use of renewable energy ・Collaboration with suppliers
	Policy/ Regulation	Direct operations	Regulations on plastics and packaging	Small	Medium term	○ Reuse of used plastics (TOPIC 2-1, 2-2, 2-3)
	Market	Direct operations	Increase in procurement costs for environmentally friendly raw materials	Small	Medium term	○ Procurement of sustainable palm oil ・Purchase of RSPO-certified palm oil ○ Procurement of sustainable paper ・Procurement of forest-certified paper (e.g., FSC certification)
Physical risk	Chronic	Upstream	Increased cost of procuring raw materials due to reduced crop yields caused by heat stress	Moderate	Medium term	○ Procurement of sustainable agricultural products ・Review of sourcing locations for agricultural products (diversification of production areas, procurement of lower-impact raw materials, etc.) ・Development of technologies to utilize agricultural products (e.g., consideration of alternative oils)
	Acute	Upstream	Damage to production facilities, power outages, and stagnation or suspension of operations due to flooding	Small to large	Short- to long-term	○ Flood preparedness ・Focused measures according to the flood risk assessment ・Business Continuity Plan (BCP) for the main products in case of disaster

	Sector	Value Chain	Opportunity Overview	Impact[6]	Urgency[7]	Measures
Opportunity	Market	Direct operations	Increased demand for highly sustainable products	Small	Medium term	○ Response to markets with advanced environmental policies ・Response to increased demand for environmentally friendly products (TOPIC 3) ・Technological innovation to fully utilize agricultural products (vegetable oil) and other products ・Transformation into a business structure resilient to fluctuations in raw material prices ・Weight reduction of container and packaging plastics ・Reuse of plastics (TOPIC 2-1, 2-2, 2-3) ・Active introduction of recycled plastics and biomass plastics (TOPIC 4-1 & 4-2) ・Reduction of environmental impact through proposals on how to use products ○ Reduction and effective use of food waste ・Effective use of unused parts of vegetables (conversion to feed and fertilizer) (TOPIC 5)
	Acute	Direct Operation	Increased demand for new products or businesses due to rising temperatures	Small	Medium term	○ Response to growing concern about infectious diseases due to global warming ・Expansion of acetic acid bacteria business

[6] Impact: Countermeasures for each risk and opportunity are assessed based on the ratio of "2030 sales plan × average operating profit margin for retail, foodservice, and overseas businesses over the past three years" to "the average consolidated operating profit of the past four years."
(Large: 30% or more; Medium: 15–30%; Small: 1–15%; None: less than 1%)

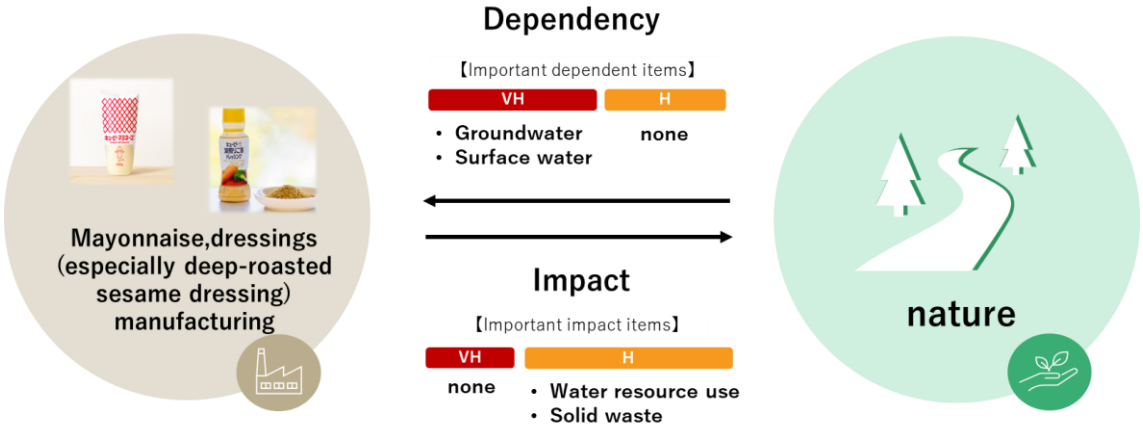
[7] Urgency: Timeframe set.
(Short term: By 2024; Medium term: By 2030; Long term: By 2050)

4-2. TNFD

Nature-related risks and opportunities arise from the interactions with nature by our Group and business entities throughout our value chain, including our suppliers. In alignment with the TNFD framework, we have conducted an analysis to identify our dependencies and impacts on nature across both our direct operations and the upstream value chain.

4-2-1. Approach to Dependency and Impact Analysis

To understand our dependencies and impacts on nature, we conducted an analysis using ENCORE（Exploring Natural Capital Opportunities, Risks and Exposure).[8] In this analysis, we defined the sector classifications relevant to our value chain based on the Global Industry Classification Standard (GICS). Furthermore, the findings were based upon literature reviews on the agricultural characteristics of raw materials for mayonnaise and dressings (specifically sesame dressing) for each country, as well as the results of consultations with relevant internal departments.[9]。



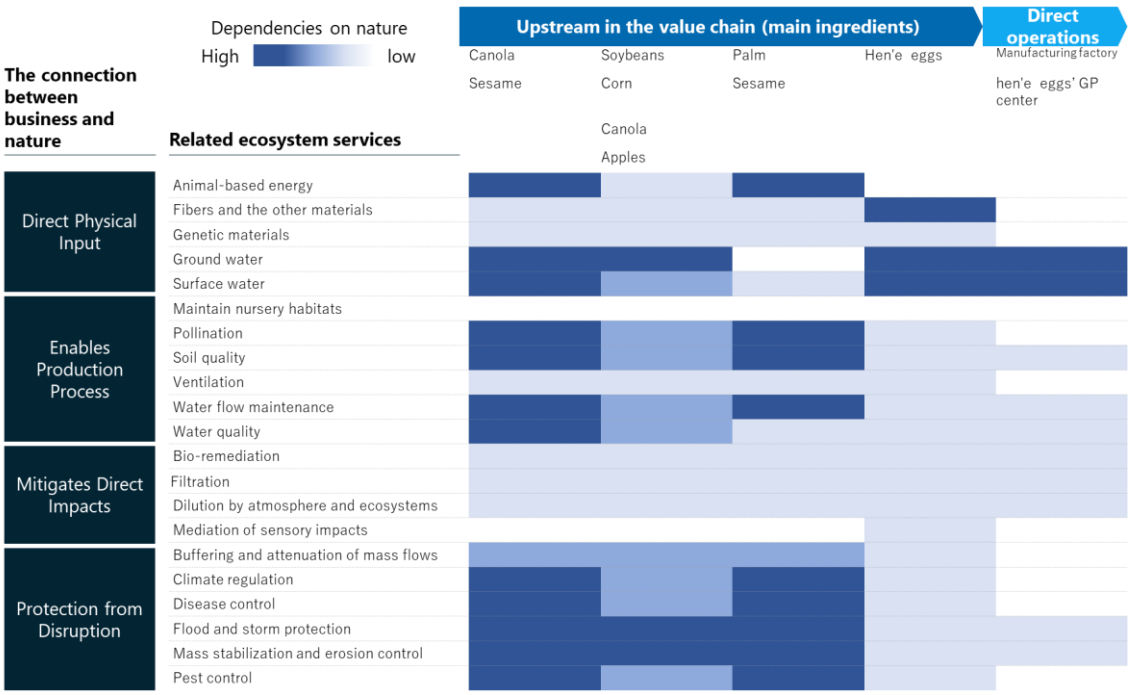
[8] ENCORE： A free online tool designed to evaluate corporate exposure to nature-related risks and gain insight into nature-related dependencies and impacts.

[9] Although the ENCORE assessment is highly comprehensive, certain results may not fully align with the specific business contexts of our company and suppliers. Consequently, we have adjusted the findings to reflect our actual operations.

4-2-2. Dependency

In our direct operations, the analysis confirmed a high level of dependency on groundwater and surface water.

Regarding raw material production in the upstream of our value chain, the results revealed relatively high dependencies on the following: fibers and other materials, groundwater and surface water, pollination services, maintenance of soil fertility, maintenance of healthy water cycles (such as drought control), water quality, climate regulation, biological control (pest and disease control), mitigation of natural disasters (such as flood control), and soil erosion control.



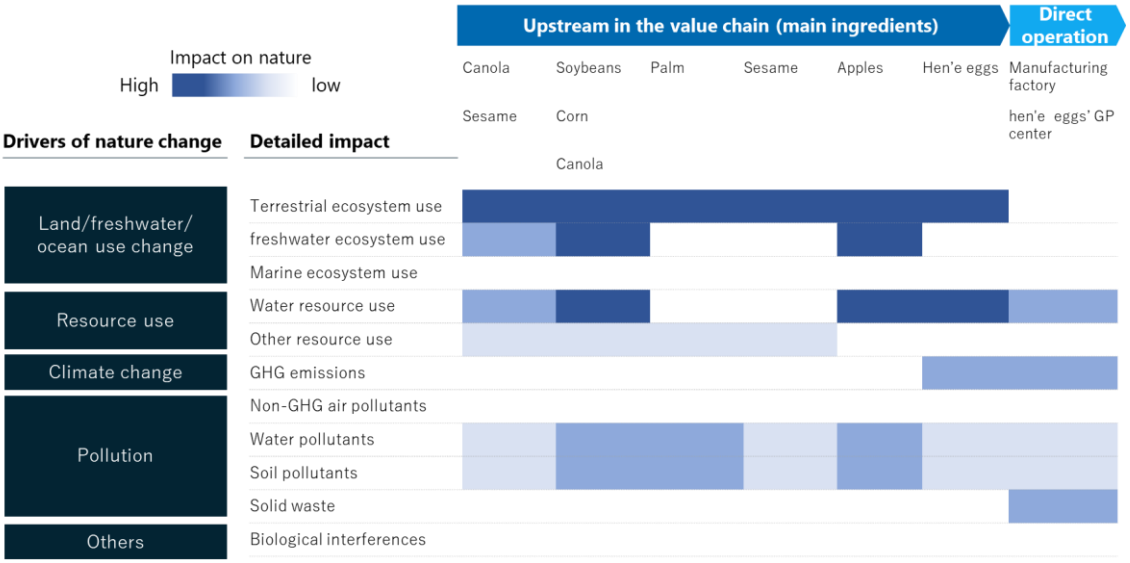
Note:

Regarding rapeseed and sesame, as they are sourced from multiple countries, we conducted an analysis by grouping them based on the agricultural production methods (such as the distinction between irrigated and rain-fed agriculture) of each country to better align the findings with our actual business operations.

4-2-3. Impact

In our direct operations, the ENCORE analysis confirmed that our impacts on water resource use and solid waste are significant.

Regarding raw material production in the upstream of our value chain, the results revealed that our impacts are relatively significant in the following areas: terrestrial ecosystem use, water resource use, water pollutants, and soil pollutants.



Note:

Regarding rapeseed and sesame, as these raw materials are sourced from multiple countries, we categorized them into groups based on local agricultural production methods. For example, we made a distinction between irrigated and rain-fed farming. This grouping enabled us to conduct a more accurate analysis of the current state of our business operations.

4-2-4. Identification of Priority Locations

The TNFD framework recommends identifying priority locations, areas where corporate activities within the entire value chain show strong dependencies and impacts on nature, or where there are concerns regarding the state of nature, and reflecting these in the company's risk perception. We have identified our priority locations by assessing the state of natural capital and biodiversity in areas closely related to the items for which our value chain has high levels of dependency and impact (as detailed in previous chapters).

To analyze the nature and biodiversity closely linked to our value chain, we utilized multiple tools provided by international environmental NGOs and international organizations, reflecting a multifaceted perspective.

For instance, regarding water resources, on which our value chain highly depends (see 4-2-2. Dependency), we evaluated water stress in the areas surrounding our direct operations (our factories) using Aqueduct.[10] The results indicated that our factories are located in regions where water stress is considered relatively low.

Furthermore, as it was assessed that raw material production in the upstream of our value chain has a significant impact on nature through terrestrial ecosystem use (see 4-2-3. Impact), we evaluated the state of nature surrounding raw material production areas using the Biodiversity Risk Filter.[11] As a result, we confirmed high levels of ecosystem integrity[12] in overseas production areas, which are major sourcing regions for raw materials used in mayonnaise and dressings (specifically sesame dressing). We will continue to closely monitor the state of nature surrounding these production areas.

We used the following tools for our location assessment:

WWF Biodiversity Risk Filter：Ecosystem integrity, land use change, etc.

WRI Aqueduct・WWF Water Risk Filter：Water stress, water pollution, etc.

IBAT（Integrated Biodiversity Assessment Tool）：Biodiversity Importance (Proximity to Key Biodiversity Areas and Protected Areas)

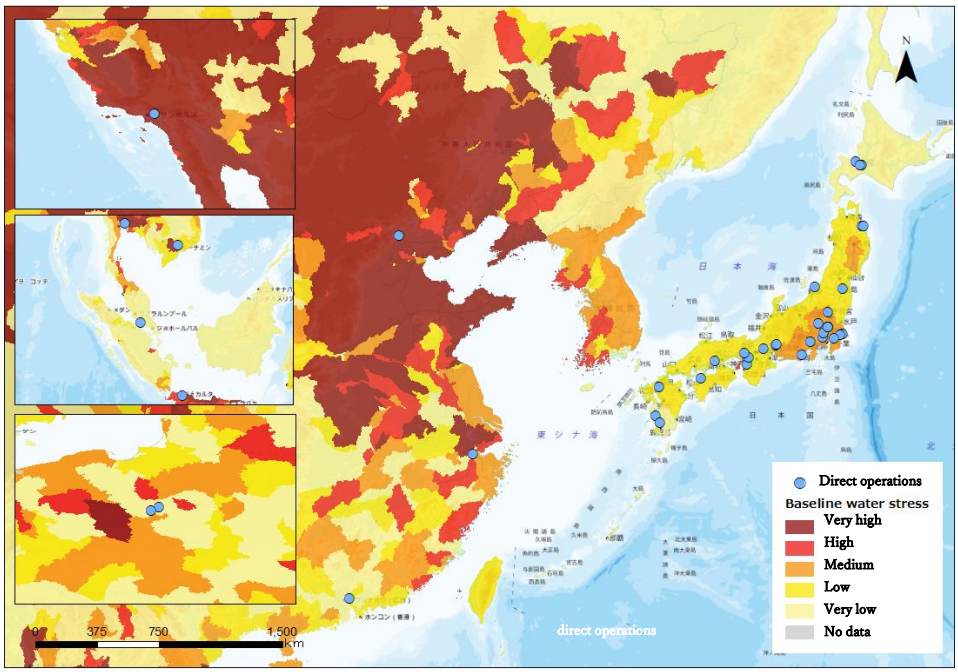
FAOSTAT：Loading of soil pollutants

[10] WRI Aqueduct： A tool assessing regional water risks worldwide based on physical (quantity and quality), regulatory, and reputational factors, providing visualized data publicly on its online platform.

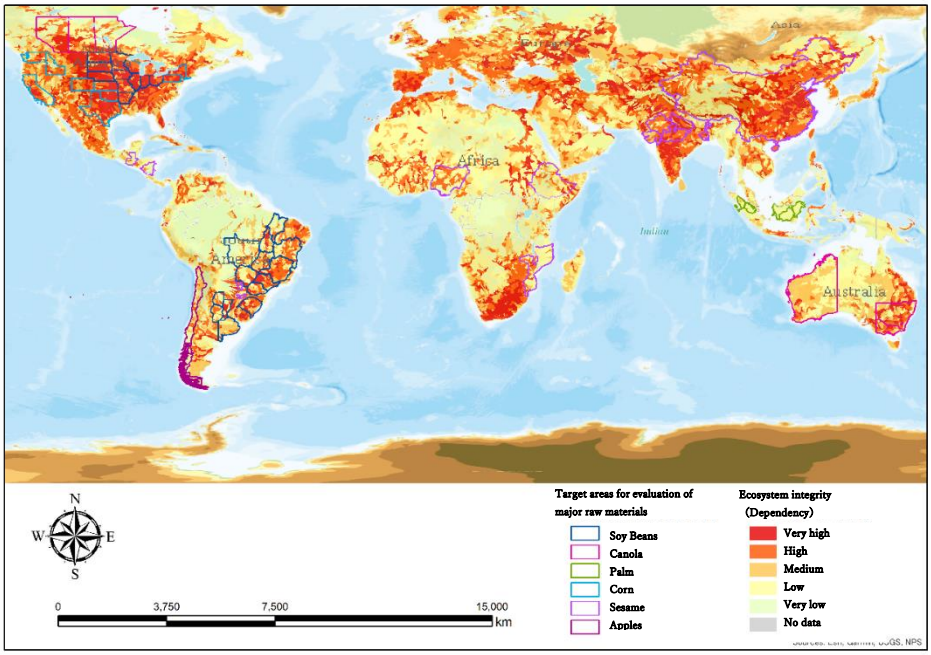
[11] WWF Biodiversity Risk Filter：This tool identifies biodiversity risks across different global regions and supply chain stages, enabling screening at both the corporate and portfolio levels to prioritize business actions for biodiversity.

[12] Ecosystem Integrity: The ability of an ecosystem to support and maintain ecological processes and a diverse community of organisms.

(Image of Activity Site Evaluation)
Water Risk Assessment Results for Direct Operations (WRI Aqueduct)



Assessment Results of Ecosystem Integrity in Key Raw Material Production Areas (Biodiversity Risk Filter)



Identification of Priority Locations

Based on the assessment of our activity locations, we have identified priority locations for each item where our value chain has strong dependencies or impacts.

For our direct operations, we identified several domestic sites as priority locations, focusing on water dependency and impact, as well as the impact of solid waste emissions.

In the upstream of our value chain, we identified major raw material production areas (for rapeseed, sesame, and eggs) across eight countries, including Japan, as priority locations. This selection was based on multiple dependency and impact relationships, including water use, pollination services, mitigation of natural disasters, and terrestrial ecosystem use. Moving forward, we will closely monitor trends in these identified priority locations and take appropriate measures as necessary.

4-2-5. Nature Related Risk and Opportunity

Based on the identified priority locations, we identified nature-related risks and opportunities within our value chain and conducted a pilot assessment of their materiality across two axes: 'Impact on Business' and 'Impact on Environment and Society. While this report is fundamentally based on the concept of single materiality, our materiality assessment also considers scenarios in which our impacts on the environment and society through business activities could lead to tighter future regulations or reputational decline, eventually affecting our financial performance.

Based on the material risks and opportunities identified in this assessment, we intend to conduct more in-depth analysis and facilitate internal discussions to formulate appropriate countermeasures. Further details regarding Topic 6 are provided in "6-2 TOPIC: Initiatives for Materiality."

	Classification	Value Chain	Major Risks	Business Impact
Transition risk	Reputational	Upstream	Degradation of terrestrial ecosystems	Loss of reputation due to procurement from suppliers destroying natural ecosystems to create new farming land.
			Depletion of water resources	Loss of reputation due to procurement from suppliers causing damage to the environment from excessive water withdrawals.
	Market	Upstream	Degradation of terrestrial ecosystems	Increased procurement costs due to rising demand for certified palm oil.
			Changes in consumer preferences	Increased procurement costs due to shifts in consumer preferences.
	Policy	Direct operations	Strengthening of water use regulations	Rising response costs driven by potential regulations mandating water replenishment in volumes equal to total water withdrawal.
	Liability	Direct operations	Depletion of water resources	Increased risk of litigation from local residents due to excessive water withdrawal reducing local water resources and hindering community water access.
	Technology	Consumption	Degradation of terrestrial ecosystems	A decrease in sales revenue due to the replacement of existing products with lower environmental impact alternatives.
Physical risk	Chronic risks	Upstream	Deterioration of water quality	Deterioration of water resources reduce productivity and make procurement more difficult.
			Weather conditions (precipitation change)	Changes in precipitation patterns reduce productivity and make procurement more difficult.
			Weather conditions (average temperature increase)	An increase in temperature reduces productivity and makes procurement more difficult.
	Cronic and Accute risks	Upstream	Depletion of water resource	Deterioration of water resources reduce productivity and make procurement more difficult.
		Direct operations	Depletion of water resource	Risk of plant shutdown due to water shortages resulting from increased water stress or natural disasters.
			Depletion of water resource	Risk of excessive water withdrawals reducing water resources in the vicinity of the site and adversely affecting the surrounding natural environment.

	Classification	Value chain	Major Opportunities	Business Impact
Opportunity	Reputational	Upstream	Changes in consumer preferences	Attracting customers with a preference for sustainability and animal welfare-friendly products (TOPIC 6).
	Technology	Upstream	Degradation of terrestrial ecosystem	Conservation and restoration of ecosystems enhance the sustainability of crop procurement.
			Depletion of water resources	Decreasing water usage by implementing facilities and technologies designed to minimize water withdrawal.
			Weather conditions (precipitation change)	Collaborating to develop natural disaster-resilient crop varieties with other companies to mitigate disaster risks and ensure sustainable procurement.
	Product	Consumption	Degradation of terrestrial ecosystem	Realizing sustainability goals by adopting eco-friendly packaging, which facilitates waste reduction and the beneficial utilization of resources.
		Upstream	Weather conditions (average temperature increase)	Achieving resilient supply chains by optimizing global procurement to reduce the risk of sourcing disruptions resulting from decreased productivity.

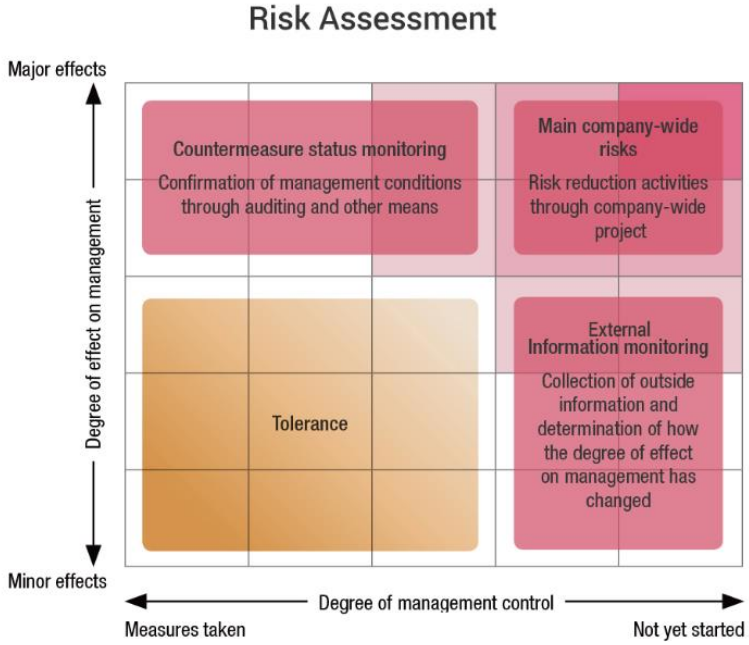
5. Risk Management

5-1. Risk Assessment

By broadly examining changes in the internal and external business environment, we identify potential future risks and assess them to determine the most significant ones. Risk evaluation is common to both climate change and natural capital, and is conducted along two axes: the degree of impact on management and the degree of management control. For the degree of impact on management, risks that affect the entire Group and significantly impact the achievement of medium- to long-term strategies are rated 5 on a five-level scale. For the degree of management control, risks for which no control mechanisms exist or mechanisms exist but are not functioning are rated 5 on a five-level scale.

We select and prioritize risks that require countermeasures. Risks over which there is insufficient management control despite having a significant impact on corporate management are deemed to be critical company-wide risks, and mitigation is given the highest priority through company-wide projects. If the impact on corporate management remains high despite effective countermeasures and increased management control, we verify the situation through audits and other methods. We also strive to collect external information with high sensitivity and monitor risks even if they have a small impact on management and do not become management issues. In this way, we monitor risks from both inside and outside the company, timely assessing their significance as circumstances change and responding swiftly.

We use internal carbon pricing (ICP) as a method to assess the financial impact of climate-related risks. By using ICP, we quantify the risk of future carbon price increases to facilitate more appropriate risk management. This initiative allows us to more precisely understand the financial risks related to climate change and employ effective countermeasures.



5-2. Risk Management System

The Kewpie Group recognizes certain events as risks that could impact the continuous and stable development of business, and is working to enhance internal control systems by putting risk management into practice. Each department continuously monitors individual risks, while information about company-wide risks is shared with the Risk Management Committee[13], which positions the following eight as major risks and makes every effort to mitigate and avoid them. The director in charge of risk management regularly reports to the Board of Directors on the evaluation of company-wide risks and how they are being addressed.

We utilized tools recommended by the TNFD to understand the relationship (dependencies and impacts) between our business and nature, and identified nature-related risks and opportunities on a trial basis. This fiscal year, we prioritized the identified risks and opportunities along two axes: "impact on business" and "impact on environment and society," and are managing risks by formulating and monitoring countermeasures for high-priority items through the Sustainability Committee and other bodies, taking into account specific circumstances.

Risk Management Structure and Company-wide Risks

[13] Risk Management Committee: Composed of members of the Management Committee and representatives from major divisions and key subsidiaries, it serves as the highest decision-making body for risk management in the Group and meets three times per year. Environmental issues and climate change are addressed by the Sustainability Committee.

6. Indicators and Targets

In identifying material issues, we analyzed risks and opportunities in the value chain as well as those arising from social change, and, with reference to the Sustainable Development Goals (SDGs), identified the social issues that the Kewpie Group should address through its business activities. Next, for each social issue, we assessed the level of expectation from stakeholders and the level of impact on society that the Kewpie Group can have in order to identify "Material Issues for Sustainability." In assessing materiality, we refer to the international sustainability standards GRI, ISO 26000, and SASB, and various ESG assessments, and reflect the ideas of the "Kewpie Group 2030 Vision." Each sustainability target is linked to a "Material Issue for Sustainability" and serves as an indicator of the initiatives the Kewpie Group will undertake.

6-1. Performance and Targets for Priority Sustainability Issues

Our priority issues and targets for sustainability are as follows. In line with the Medium-term Management Plan, we have set FY2028 targets and FY2030 targets based on the 2030 Vision, and will consider longer-term targets going forward.

Material Issues	Initiative Themes	Indicators	FY2024 Results	FY2028 Target	FY2030 Target
Contribution to Food and Health	Healthy life expectancy Contribution to healthy life extension	To contribute to customers' healthy diets, we promote initiatives focused on increasing opportunities to consume salads and enhancing the added value of egg products.			
	Supporting children's mental and physical health	Number of children reached through our activities (Cumulative since FY2019)	463,000 children	Over 800,000 children	1 million or more
Effective use of resources Utilization and circulation (*)	Reduction and effective use of food waste	Food waste reduction rate	60.6%	Over 63%	Over 65%
		Effective utilization rate of unused portions of vegetables (Key vegetables: cabbage, etc.)	85.3%	Over 88%	Over 90%
		Reduction rate in volume of product waste (compared with FY2015)	65.9%	Over 70%	Over 70%
	Reduction and reuse of plastics	Reduction rate of plastic waste (compared with FY2018)	22.3%	Over 25%	Over 30%
	Sustainable use of water resources	Reduction rate of water consumption intensity (compared to FY2022)	7.8%	Over 8%	Over 10%

Material Issues	Initiative Themes	Indicators	FY2024 Results	FY2028 Target	FY2030 Target
Climate change response (*)	Reduction of CO_2 emissions	CO_2 emissions Reduction rate (compared with FY2013)	44.4%	Over 46%	Over 50%
Biodiversity conservation (*)	Biodiversity conservation	Achieve 100% sustainable paper procurement by FY2025 (Containers and packaging materials, printed booklets, promotional materials, office supplies)	98.4%	100%	100%
Sustainable procurement (*)	Promotion of sustainable procurement	Promotion of the "Basic Policy for Sustainable Procurement" in collaboration with suppliers			
Respect for Human Rights	Respect for Human Rights	Promotion of the "Kewpie Group Human Rights Policy" to respect the human rights of all people involved in our business			

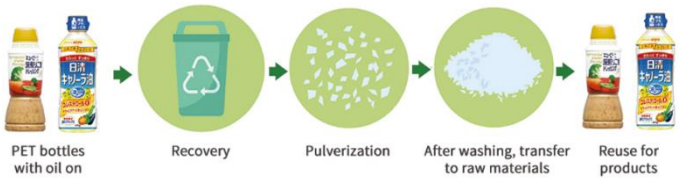
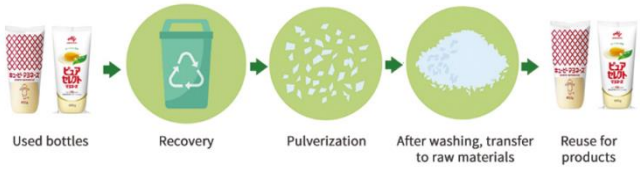
(*) Priority issues particularly related to disclosures aligned with TCFD and TNFD.

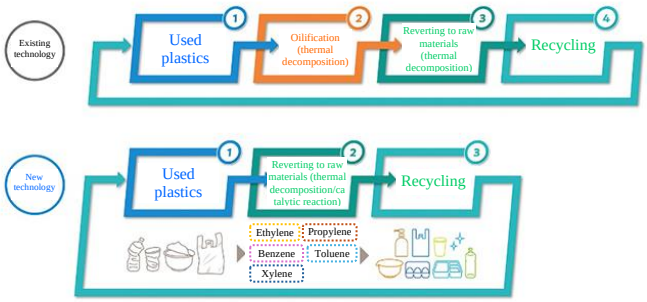
＜Link to ESG Data Sheet＞

6-2. TOPIC: Initiatives for Addressing Material Issues

The initiatives implemented in FY2025 in response to the priority issues are as follows. TOPIC 1–5 correspond to the climate-related risks and opportunities identified in "4-1-2 Major Climate-Related Risks and Opportunities," and TOPIC 6 corresponds to the opportunities in "4-2-5 Major Nature-Related Risks and Opportunities."

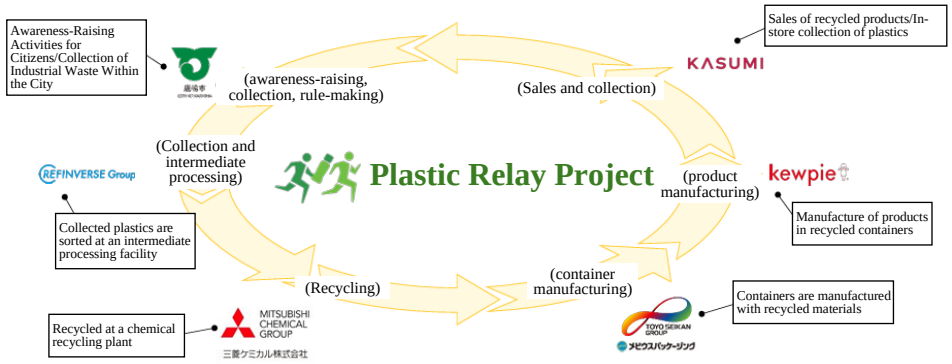
Measures	**(TOPIC 1)** **Promote investments in low-carbon projects with the use of internal carbon pricing (ICP)**
Approach	We have introduced ICP to evaluate climate change risks from a financial perspective and to promote low-carbon investments.
Overview	ICP is used mainly for the following purposes: ・Consider carbon emission costs in capital investment decision-making ・Promote investment in low-carbon technologies ・Raise awareness of climate change risks within the company We started to use an internal carbon price in FY2022, based on which we are formulating an environmental investment plan through to 2028. In the past, some investments in low-carbon projects struggled to get approved internally due to low returns on investment. However, with the introduction of an internal carbon price, we can demonstrate the total return on investment, including our Group's decarbonization itself, which we expect will accelerate our efforts toward decarbonization. Recently, decisions on installing solar panels and other projects have been made based on ROI calculated using the internal carbon price.

Measures	(TOPIC 2-1) Reuse of plastics
Approach	・Establishing a recycling system that overcomes the problem of oil residue on collected plastic bottles (dressing bottles, etc.) ・Establishing a recycling system for mayonnaise bottles
Overview	There are concerns that the oil residue on plastic bottles that have been washed for recycling will affect the quality of recycled plastic. A recycling system for such bottles has yet to be implemented in society. In Japan, mayonnaise bottles are primarily made of polyethylene (PE). Although PE is widely used in food packaging, the variety of materials and the frequent use of composites mean that a horizontal recycling system (such as that used for beverage PET bottles) has not yet been implemented in society. By collaborating beyond corporate boundaries to address these challenges, we aim to create a society in which bottles can circulate as resources. This fiscal year, to establish the technology and verify the volume and characteristics (such as the degree of contamination) of used oil-contaminated PET bottles, we conducted a pilot bottle collection test at retail stores. ・Oil-contaminated PET bottles (e.g., dressing bottles) We started working with Nisshin Oillio Group Inc. to recycle PET bottles used for dressings and cooking oil. In FY2024, leveraging the expertise of both companies, we are conducted a pilot collection test at eight AEON and AEON Style stores in Chiba City to establish the technology and verify the volume and characteristics (such as the degree of contamination) of used oil-contaminated PET bottles.  Image of circulation ・Mayonnaise bottles We began collaborating with Ajinomoto Co., Ltd. on the resource circulation of mayonnaise bottles as part of CLOMA (Clean Ocean Materials Alliance), a cross-industry public-private platform addressing marine plastic waste. In FY2025, we expanded the collection sites to three Ito-Yokado stores in Kawasaki City and are conducting a pilot collection test for used mayonnaise bottles.  Image of circulation

Measures	(TOPIC 2-2) Reuse of used plastics
Approach	In order to realize a sustainable society, we entered into a capital investment with R plus Japan, Ltd. in 2025 and have been undertaking the chemical recycling of used plastics.
Overview	In Japan, it is said that a significant proportion of plastics other than PET bottles are currently disposed of through incineration[14]. A new technology is being developed that uses a chemical recycling[15] method to convert general plastics, including PET bottles, directly back into raw materials such as benzene, toluene, xylene, ethylene and propylene. Compared to conventional chemical recycling via oilification, this process requires fewer steps, which is expected to reduce CO_2 emissions and energy consumption. Once established, this technology is expected to enable more efficient recycling of a larger volume of used plastics. 
	 Participating companies (as of March 2025)

[14] Incineration: Includes thermal recovery, which captures heat generated during incineration for use in power generation or heat supply.

[15] Chemical recycling: Refers to recycling in which used resources are chemically converted before being recycled, rather than reused in their original form.

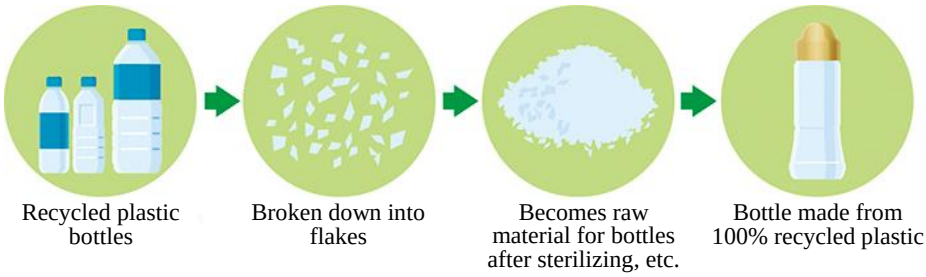
Measures	(TOPIC 2-3) Reuse of used plastics
Approach	The six parties (Kashima City, Refinverse, Mitsubishi Chemical, Toyo Seikan Group Holdings, Kasumi, and our company) signed a comprehensive partnership agreement to promote the circular use of plastic containers, Japan's first[16] circular economy for seasoning caps.
Overview	This initiative, called the "Pla-Relay Project," is a demonstration project in which the six parties connect plastic resources in a relay format to achieve circularity. From around summer 2025, used plastics generated in Kashima City have been collected and pre-processed by Refinverse, then recycled at Mitsubishi Chemical's newly established chemical recycling plant. The recycled plastic will then be used by Toyo Seikan Group Holdings to manufacture containers, by our company to produce products, and by Kasumi to sell them as part of the demonstration project. Before and after the demonstration project, public elementary and junior high schools in Kashima City will conduct study programs on plastic resources, plant tours of participating companies, and educational programs on recycling. By the end of 2026, the six participating organizations plan to jointly prepare and publish a "Verification Report on the Circular Use of Plastic Containers," based on the issues and feedback identified through the demonstration tests and initiatives.
	 Plastic Relay Project

[16] Japan's first: The use of resin derived from waste-plastic oilification recycling using supercritical water (mass-balance method) is the first of its kind in Japan.

Measures	（TOPIC 3） Response to increased demand for environmentally friendly products
Approach	Initiatives aimed at reducing environmental impact through collaboration - Japan's first paper-based dressing sachet was adopted for use on selected Japan Airlines Co., Ltd. international flights
Overview	Together with JALUX, the trading company of the JAL Group, we jointly planned and developed Japan's first paper-based dressing sachet, which began being served on selected Japan Airlines international flights in September 2025. The adopted product is the "Plant-Based Sesame Dressing" from our "GREEN KEWPIE[17]" brand, which promotes sustainable food. ・A combination of plant-based dressing and environmentally conscious paper packaging The "GREEN KEWPIE Plant-Based Sesame Dressing" served on selected JAL international flights is made from plant-derived ingredients. By combining a plant-based[18] dressing with a paper sachet, the product debuts in in-flight meals as an environmentally conscious offering from contents to packaging. ・Reduced plastic use and CO_2 emissions compared with conventional products Compared to conventional plastic packaging from the same manufacturer, this solution reduces plastic usage by 44% and CO_2 emissions by 25% per bag, contributing to the sustainable initiatives of both our company and JALUX Inc.  Image of an in-flight meal  Front　Back

[17] GREEN KEWPIE: Our brand that offers "sustainable foods," including plant-based products. The brand was created with the aim of enabling a sustainable daily diet for both people and the planet. It seeks to offer new food choices that adapt to diverse values and changing social environments for people around the world who care about the present and future of the environment and health.

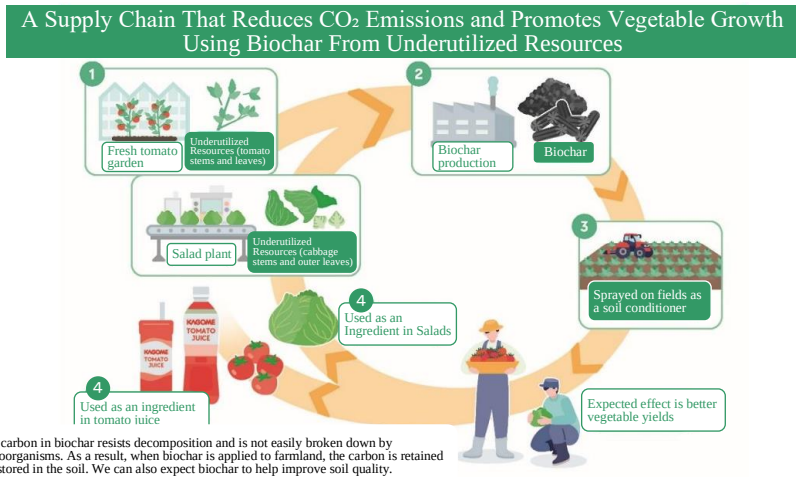
[18] Plant-based foods: Foods that, in accordance with our internal standards for plant-based foods, do not use animal-derived primary or secondary ingredients (meat, seafood, eggs, dairy).

Measures	（TOPIC 4-1） Active introduction of recycled plastics and biomass plastics
Approach	Adoption of 100% recycled PET bottles for all ten 380-ml retail dressing products
Overview	For all ten 380-ml retail dressing products[19], we adopted bottles made from 100% recycled PET resin[20] and began switching over from early September. As a result, we expect to reduce annual new plastic use by approximately 1,600 tons and CO_2 emissions by approximately 1,400 tons (based on our estimates using the previous year's shipment results). The projected annual reduction of approximately 1,600 tons of new plastic is the largest among our initiatives to convert dressings to recycled PET to date. After the transition, we will gradually add our original eco-label to the packaging to communicate the environmental benefits of the container to customers. ・Initiatives to adopt recycled PET bottles for Kewpie dressings (URL) 

[19] Dressing products: Dressings and dressing-type seasonings, such as non-oil dressings.
[20] 100% recycled PET resin: PET resin recycled through mechanical recycling (physical recycling), in which PET bottles, mainly beverage bottles, are collected, crushed, washed, and treated at high temperatures to remove impurities.

Measures	(TOPIC 4–2) Active introduction of recycled plastics and biomass plastics
Approach	Since February 2024, we have been adding our original eco-label to products with environmentally responsible packaging, such as retail dressings and soup bases, and will continue this initiative in 2025.
Overview	We have established environmental standards for packaging, and products that meet these standards will be packaged with the Kewpie Group's original eco-label. （URL） ・Items and criteria for our Group's eco-label

Selected products with the eco-label

Measures	（TOPIC 5） Effective use of unused parts of vegetables (conversion to feed and fertilizer)
Approach	Initiatives aimed at achieving sustainable agriculture and reducing environmental impact through collaboration - Joint research with Kagome Co., Ltd. on biochar production from unused vegetable resources
Overview	We began joint research in May 2025 on producing biochar[21] from unused vegetable resources. This research is an initiative in which both companies focused on vegetable-related businesses cooperate to address sustainability challenges related to vegetable cultivation and processing, thereby contributing to the realization of sustainable agriculture. ・Purpose of the joint research 1. Establishing technology for biochar production We will develop technology to effectively convert high-moisture vegetable resources into biochar. We aim to establish efficient dehydration and carbonization methods. 2. Evaluation of cultivation characteristics when biochar is applied We will verify the effectiveness of vegetable-derived biochar in agricultural use and clarify its soil improvement and crop growth-promoting effects. 3. Establishing a carbon-negative business model Through the production and use of biochar, we aim to sequester CO_2 and reduce emissions, leveraging the J-Credit Scheme[22] to establish a sustainably carbon-negative business model. 

[21] Biochar: Material produced by carbonizing plant-based biomass through heating under low-oxygen conditions. It is considered effective for soil improvement and carbon sequestration, is less prone to decomposition than conventional compost, and can remain in the soil for long periods.

[22] J-Credit Scheme: A government-certified program that issues credits for greenhouse gas emission reductions or removals.

Corresponding opportunities	(TOPIC 6) Attracting customers who prefer sustainability- and animal-welfare-aligned products
Approach	We are expanding the activities of the "SHIBUYA Urban Farming Project," a consortium for biodiversity conservation.
Overview	In June 2024, we established the "SHIBUYA Urban Farming Project" together with Future Design Shibuya to promote urban greening and biodiversity conservation and to foster community and a new food culture unique to Shibuya. Centered on urban farming, we are promoting initiatives toward Nature Positive in collaboration with participating companies, leveraging the strengths of our Group. In FY2025, we provided urban farming programs to two elementary schools within the "Shibuya Mirai-ka" program for elementary and junior high school students in Shibuya Ward. This created new opportunities that integrate agricultural and food education, allowing students to experience vegetable cultivation, harvesting, and cooking. Through events that allow participants to experience the connection between food and nature by cultivating and harvesting vegetables in urban spaces, we raised awareness among urban residents of the importance of biodiversity and the role of natural capital in supporting food, deepening dialogue and engagement with the local community.