

2024 TCFD Report

Disclosure of information based on TCFD recommendations

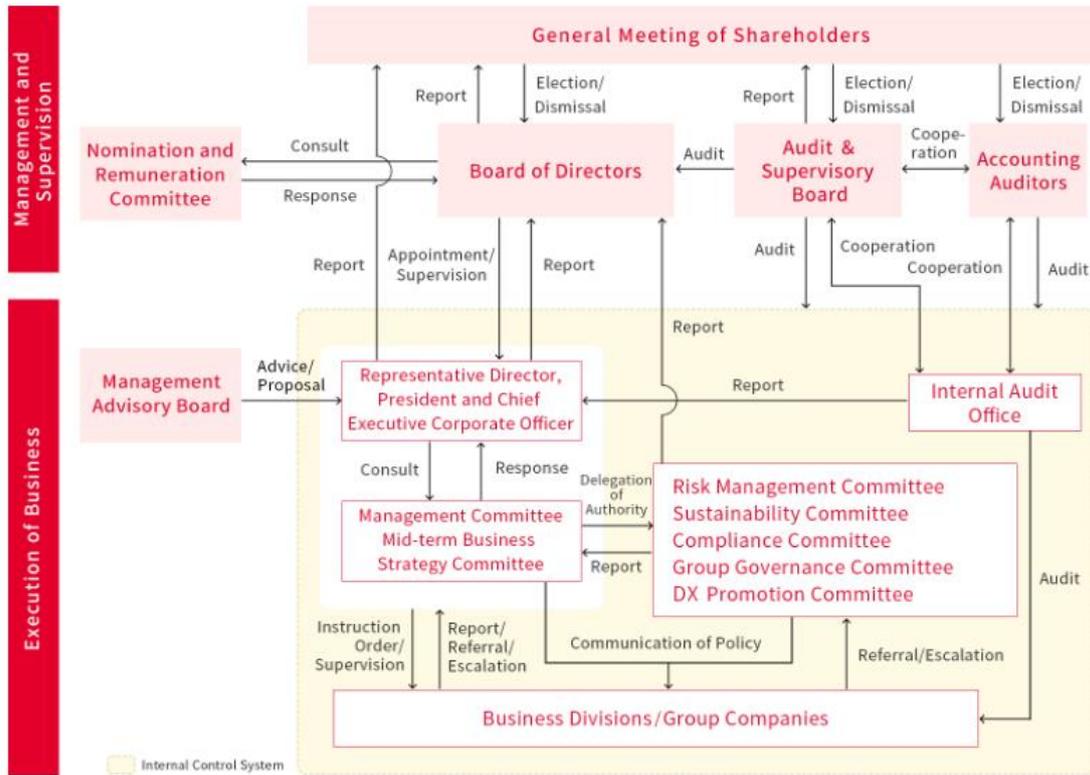
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1. Governance

The Kewpie Group has established the "Kewpie Group Basic Approach to Sustainability" to contribute to the improvement of social sustainability and achieve sustainable corporate growth.

Figure 1: Corporate governance structure



The structure of our corporate governance is presented in Figure 1. The Sustainability Committee formulates policies and plans to achieve targets, as well as identifies key issues and promotes initiatives to address material issues, with authority delegated by the Management Committee (an advisory body to the Representative Director, President and Chief Executive Corporate Officer).

The Sustainability Committee submits reports to the Board of Directors, and the Board of Directors discusses on the content of the Sustainability Committee's deliberations as appropriate, thereby ensuring supervision by the Board of Directors.

We have also introduced internal carbon pricing (ICP) to strengthen the assessment and management of climate change-related risks and opportunities. The Sustainability Committee examines the setting of ICP and revisions thereof before approval by the Board of Directors.

To realize the Kewpie Group's "Our Ideal" and the "Kewpie Group 2030 Vision," we will work with various stakeholders to solve social issues.

[<Link to Material Issues and Promotion Framework>](#)

◆ Governance structure related to climate change

Meeting bodies, other structures	Roles and responsibilities	Meetings held
Board of Directors	Supervision of responses to climate change	12
Sustainability Committee	Formulation of sustainability-related policies and plans including climate change initiatives, identification of key issues, and promotion of initiatives on material issues	4
Chairperson of the Sustainability Committee	Director and Senior Corporate Officer in charge of Corporate, Group Governance and Risk Management	

[< Link to Corporate Governance >](#)

In FY2024, the progress of our decarbonization efforts were reported at the meetings of the Board of Directors, and opinions were exchanged about future initiatives. The Sustainability Committee also had meetings four times to formulate sustainability-related policies and plans, including our action on climate change, and to decide on important matters and promote key initiatives. The results were reported to the Board of Directors and subject to oversight.

2. Strategy

The Kewpie Group identifies the various risks and opportunities associated with climate change with short-, medium-, and long-term perspective, according to their significance. We also periodically review our 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 Intergovernmental Panel on Climate Change (IPCC)^{*1} and International Energy Agency (IEA).^{*2} In the first scenario, the temperature will rise 1.5-2 degrees Celsius above pre-industrial levels by 2100, and environmental policies are developed (hereinafter referred to as the "Environmental Policy Progress Scenario"). In the second scenario, the temperature will rise 2.7-4 degrees Celsius above pre-industrial levels by 2100 and no additional measures are taken to address climate change (hereinafter referred to as the "BAU Scenario"). In the Contingency Scenario, the impact of climate change on our

business in 2030 is calculated. 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.

*1: IPCC

We will gradually expand the scope of the analysis in the mid-term management plan, which covers the period from FY2021 to FY2024. In FY2021, we analyzed the climate change risks and opportunities for mayonnaise and dressings (especially deep-roasted sesame dressing) in domestic and overseas markets. Most notably, in terms of the main raw materials of these products (oil, egg, and vinegar), we recognized that crops, mainly grains, are affected by climate change. Thus, we are considering a strategy to reduce dependence on specific crops over the medium to long term.

*2: IEA

The International Energy Agency (IEA) is an autonomous organization established in 1974 after the first oil crisis within the framework of the Organization for Economic Cooperation and Development (OECD). It provides the medium- and long-term supply and demand forecasts needed for crafting energy policy.

2.1. Applying scenario analysis

We will gradually expand the scope of our analysis in the medium-term management plan. Our analysis plan is outlined below.

Fiscal year	Scope
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)

In FY2024 we analyzed the climate change risks and opportunities in prepared foods (potatoes, carrots, and onions). Most notably, in terms of the main raw materials of these products (oil, egg, and vinegar), we recognized that crops, mainly grains, cabbage, lettuce, potatoes, carrots, and onions are affected by climate change. Thus, we are considering a strategy to reduce dependence on specific crops over the medium to long term.

2.2. Major Climate Change Risks and Opportunities

<Environmental Policy Progress Scenario>

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 CO2 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.

The risks and opportunities for the Kewpie Group identified in the Environmental Policy Progress Scenario are as follows.

Risk items			Risks	Opportunities	Time ^{*3}	Impacts
Primary categories	Medium categories	Sub-categories				
Transition Risks	Policy and Legal	Introduction of carbon taxes	●		Medium-term	Medium
		Regulation of plastics and packaging	●		Medium-term	Small
	Market	Increased demand for highly sustainable products		○	Medium-term	Large
		Increase in the procurement costs of environmentally friendly raw materials	●		Medium-term	Small

*3: Definition of timelines

Short-term: up to 2024; Medium-term: up to 2030; and Long-term: up to 2050

<BAU Scenario>

Despite the progress of low-carbonization initiatives, carbon neutrality will not be achieved by 2050 and temperature rise will increase the frequency and severity of natural disasters. Consequently, the frequency of flooding damage at suppliers' and companies' production sites will increase. Lower crop yields caused by heat stress will also lead to a rise in the cost of procuring raw materials.

The risks and opportunities for the Kewpie Group identified in the BAU Scenario are as follows.

The risks and opportunities for the Kewpie Group identified in the BAU Scenario are as follows. Risk items			Risks	Opportunities	Time ^{*3}	Impacts
Primary categories	Medium categories	Sub-categories				
Physical risks	Chronic	Increased cost of procuring raw materials due to reduced crop yields caused by heat stress	●		Medium-term	Medium
	Acute	Damage to production facilities, power outages, and stagnation or suspension of operations due to flooding	●		Short- and long-term	Small to Large
	Products and services	Increased demand for new products or businesses due to rising temperatures		○	Medium-term	Small

*3: Definition of timelines

Short-term: up to 2024; Medium-term: up to 2030; and Long-term: up to 2050

2.3. Measures to address climate change risks and opportunities

(● Preparing for risks; ○ Taking advantage of opportunities)

In response to the risks and opportunities identified through scenario analysis, we will promote the following themes/measures and utilize them to achieve sustainable growth.

○ Respond to markets where environmental policies have progressed

- Respond to increased demand for environmentally friendly products
- Technological innovation to exploit agricultural products (vegetable oil) and other products
- Conversion to a structure that is resilient to shifts in raw material markets

- Weight reduction of container and packaging plastics
- Use recycled plastics
- Active introduction of recycled plastics and biomass plastics
- Reduce environmental impact by proposing ways to use products
- Reduction and effective use of food waste
 - Effective use of unused parts of vegetables (conversion to feed and fertilizer)
- Respond to increasing concern about infectious diseases caused by climate change
 - Expansion of acetic acid bacteria business
- Reduction of CO₂ emissions
 - Promote investments in low-carbon projects with the use of internal carbon pricing (ICP)
 - Capital investment using an indicator to achieve CO₂ emissions reduction (promotion of electrification)
 - Review of heating and sterilization processes in the manufacturing process
 - Introduction and utilization of renewable energy
 - Collaboration with suppliers
- Flood preparedness
 - Focused measures according to flood risk assessment
 - Business Continuity Plan (BCP) for main products in case of disaster

2.4. Utilization of internal carbon pricing (ICP)

We have introduced ICP to evaluate climate change risks from a financial perspective and to promote investments in low-carbon projects. ICP is being 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, investments in the installation of solar panels and other projects were decided based on the return on investment using the internal carbon price.

Below is a summary of the main initiatives in FY2024 related to the above measures.

Measure	Adapt to markets with stronger environmental policies								
Initiative	In early February, we started to add our original eco-label to products with environmentally responsible packaging, including dressings and soup bases								
Summary	<p>We have established environmental standards for packaging, and products that meet these standards will be packaged with the Kewpie Group's original eco-label.</p> <p>*Kewpie Group eco-label criteria and standards</p> <table border="1"> <thead> <tr> <th>Details</th> <th>Eco Label Criteria</th> </tr> </thead> <tbody> <tr> <td>Reduced plastic usage</td> <td>Reduced amount of plastic used by 5% or more (using 2018 as the base year)</td> </tr> <tr> <td>Reuse of plastic</td> <td>Recycled plastic materials comprise 25% or more of total plastic by weight</td> </tr> <tr> <td>Biomass plastic</td> <td>Biomass plastic comprises 10% or more of plastic used, by weight</td> </tr> </tbody> </table>	Details	Eco Label Criteria	Reduced plastic usage	Reduced amount of plastic used by 5% or more (using 2018 as the base year)	Reuse of plastic	Recycled plastic materials comprise 25% or more of total plastic by weight	Biomass plastic	Biomass plastic comprises 10% or more of plastic used, by weight
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Some of the products packaged with an eco-label

Measure	Reuse used plastic
Initiative	<ul style="list-style-type: none"> Establishing a recycling system that overcomes the problem of oil residue on collected plastic bottles (dressing bottles, etc.) Establishing a recycling system of mayonnaise bottles
Summary	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 addition, mayonnaise bottles in Japan primarily use polyethylene (PE)

plastic. While PE is widely used in food packaging, the variety of materials and composites with other materials mean that a horizontal recycling scheme, like that for beverage PET bottles, has yet to be implemented in society. By collaborating beyond corporate boundaries to address these challenges, we aim to create a society in which such bottles can be recycled. This fiscal year, in order to establish and verify the technology, we conducted a bottle collection pilot test at retail stores for the efficient collection of samples.

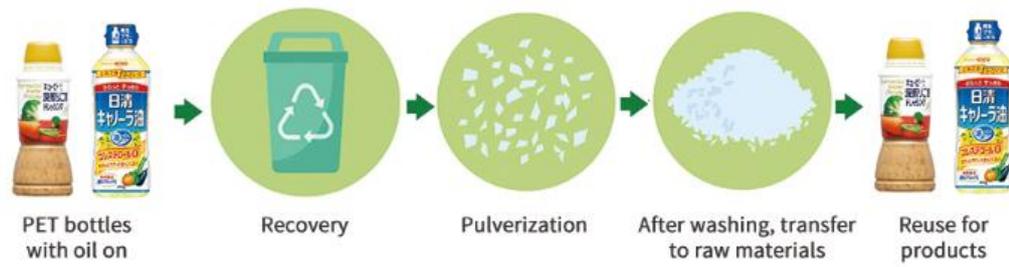


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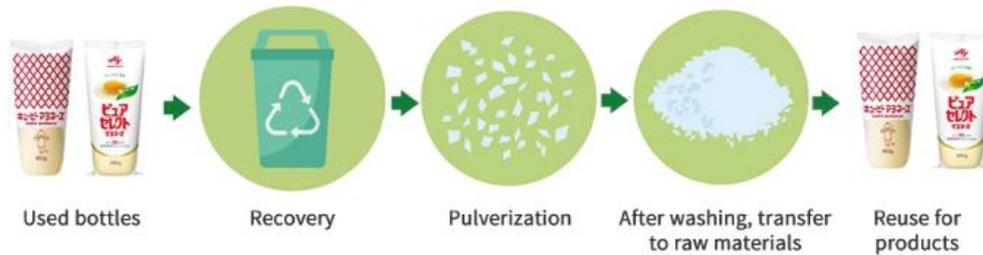
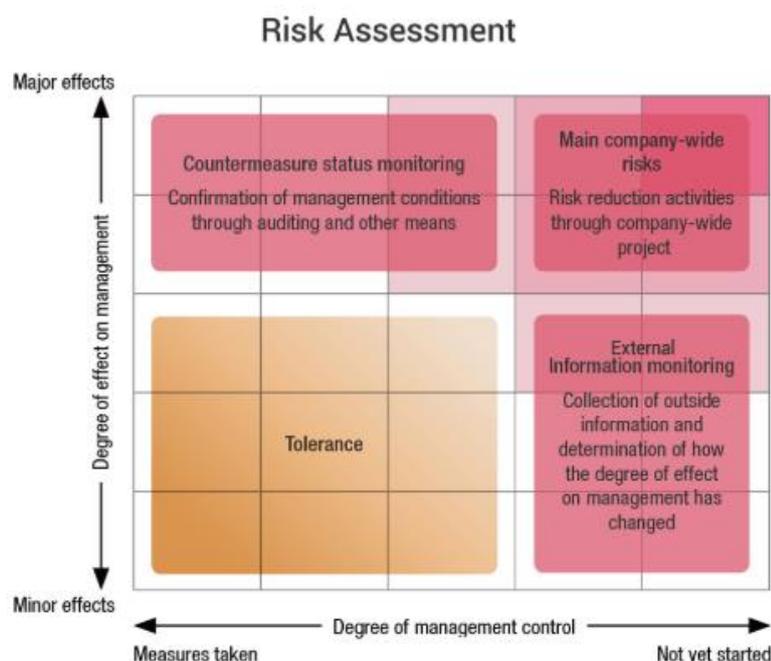


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3. Risk Management

We look widely at changes in internal and external business environments to identify future potential risks, and assess them to determine which are the most significant. Each risk is evaluated along two axes, "degree of impact on management" and "degree of management control," to select and prioritize those that need to be addressed. 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 impact on corporate management remains high despite effective countermeasures and increased management control, we confirm continued measures using audits and other methods. We also strive to collect whatever

relevant information is possible and monitor risks even if they have small impact on corporate management and do not become critical corporate management issues. In this way, we both internally and externally monitor risks in efforts to quickly assess their significance as circumstances change and respond in an agile manner.



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.*¹ The committee evaluates these risks and comprehensively manages the order of priority and the effectiveness of countermeasures, positioning the following eight (see the bottom of the figure “Risk Management Structure and Company-wide Risks”) as major risks and making every effort to mitigate and avoid them.

The executive officer 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.

¹ The Risk Management Committee is composed of members from Kewpie Corporation's management meeting and representatives from major divisions and key subsidiaries. It serves as the highest decision-making body for risk management in the Kewpie Group and convenes meetings three times a year. Issues concerning the environment and climate change are handled by the Sustainability Committee.

Risk Management Structure and Company-wide Risks



We also 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.

4. Indicators and Targets

The indicators we use to measure and manage climate change risks and opportunities are as follows.

Initiative Themes	Material Issues	Indicators	FY2024 Results	FY2028 Target	FY2030 Target
Response to climate change	Reduction of CO ₂ emissions	CO ₂ emissions reduction rate (compared to FY 2013)	44.4%	At least 46%	At least 50%

In calculating CO₂ emissions, we refer to "Japan Ministry of the Environment, Law Concerning the Promotion of the Measures to Cope with Global Warming, Superseded by Revision of the Act on Promotion of Global Warming Countermeasures (2005 Amendment)."

The indicators used to measure and manage the risks and opportunities associated

with the "effective use and recycling of resources" are as follows.

Material Issues	Initiative Themes	Indicators	FY2024 Results	FY2028 Target	FY2030 Target
Effective use and recycling of resources	Reduction and effective use of food waste	Food waste reduction rate	60.6%	At least 63%	At least 65%
		Effective utilization rate of unused portions of vegetables (cabbage, etc.)	85.3%	At least 88%	At least 90%
		Reduction rate in volume of product waste (compared with FY 2015)	65.9%	At least 70%	At least 70%
	Reduction and reuse of plastics	Reduction rate in volume of plastic waste (compared with FY 2018)	22.3%	At least 25%	At least 30%
	Sustainable use of water resources	Water consumption reduction rate (per production unit)	7.8%	At least 8%	At least 10%

Note: The indicator for the "Food waste reduction rate" includes the "effective utilization rate of unused parts of vegetables."

Having analyzed the risks and opportunities in the value chain, these material issues were identified by analyzing the risks and opportunities associated with social change and identifying the social issues that the Kewpie Group should address through its business operations, with reference to the Sustainable Development Goals (SDGs). 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 of the sustainability targets is linked to "Material Issues for Sustainability" and is an indicator of what the Kewpie Group will be working on. The sustainability goals announced in 2019 have been reviewed in light of the rapidly changing social situation. Specifically, for the purpose of contributing to the mitigation of the climate

crisis and implementing adaptation measures, we have upwardly revised our "reduction rate in CO₂ emissions" target by reorganizing our manufacturing sites, reviewing our manufacturing processes, and promoting renewable energy planning. We have also upwardly revised our targets for the "effective utilization rate of unused parts of vegetables" and "reduction rate in volume of product waste."

The greenhouse gas (GHG) emissions for Scope 1, Scope 2, and Scope 3 are as follows.

The Scope 3 GHG emissions data is for Kewpie Corporation from 2019 to 2021, and for Kewpie Corporation and its major subsidiaries in Japan (AOHATA Corporation; Kewpie Egg Corporation; Salad Club, Inc.; Kewpie Jyozo Co., Ltd.; Deria Foods Co., Ltd.; Kpack Co., Ltd; and Co-op Foods Co., Ltd.) for FY2022. In FY2023, the data will be consolidated for all Kewpie Group companies in the world.

Additionally, the remuneration of directors varies according to the achievement of the key indicators of the medium-term business plan (including sustainability targets and goals for employees) and the mission of each individual.

Internal carbon pricing (ICP)

We have established ICP to support decision making for low-carbon investments. The internal carbon price, which we review whenever necessary, is currently ¥6,000 per ton. ICP allows us to more accurately assess the financial impact of climate change risks and promote effective investments in low-carbon projects.

[<Link to ESG Data Sheet>](#)

January 2025
Period