Activities for the cage-free eggs (Updated on July 9th, 2024)

At Kewpie group, our core belief is that "Good Products Begin with Good Ingredients." For us, this means both quality and sustainability of the raw materials we use in our products. We are working toward responsibly sourcing our raw materials and prioritizing animal health and welfare. Foundational to this belief is our commitment to egg-laying hens, reflected in Kewpie's endorsement of the "Five Freedoms", the globally recognized gold standard in animal welfare encompassing both the mental and physical well-being of animals.

This commitment is reflected in our approach to sustainable egg procurement. While progress of discussion toward realizing the gold standard has been made, due to the scale and complexity of the egg industry globally, and especially in Japan, change will take time. We are prioritizing action and impact, and in markets where the supply chain for cage-free breeding is not yet established, we are actively engaging with partners to lay the foundation for improving the animal welfare of laying hens, including cage-free breeding.

In the US and Europe, where the supply chain for cage-free breeding is increasingly established, we announced a transition to 100% cage-free eggs in the ingredients we procure for manufacturing of Kewpie Brand products by 2025. We're proud that we achieved this goal in the US in 2022, three years early and are on track to meet this goal in Europe. We are also aiming to "increase the usage rate of cage-free eggs in Kewpie Mayonnaise, which is manufactured and sold globally, from the current 3% to 10% by 2027." (Published on May 31st, 2024)

As a leading player in the processed egg industry in Japan, we will support domestic producers in implementing and expanding cage-free egg production by sourcing and using $20\%^1$ of the cage-free eggs produced domestically. According to our understanding, this figure would amount to almost 100% of the cage-free eggs supplied to the processed food market in Japan. In addition, we will focus on establishing and expanding the market, as well as supporting suppliers.

¹ In accordance with our procurement standards and conditions

As a result, we aspire to increase the cage-free breeding ratio in Japan from the current 1% to 5% over the span of ten years.

Increasing cage-free production is not the only area we are focused in Japan. We believe that is important to create a solution for Japan which aligns with the priorities of stakeholders, including matters such as food safety, the welfare of poultry workers, and pricing. Resolving these issues is a crucial prerequisite for expanding cage-free production in Japan.

In Asian regions outside of Japan, the market environment is one in which it is not as easy to procure cage-free eggs as it is in Europe and the US. However, egg producers have been increasing their production of cage-free eggs, and we will continue to gradually advance our cage-free initiatives by region, while carefully assessing both customer needs and the feasibility of a consistent supply of cage-free eggs.

Throughout this global journey, we commit to continuous improvement, transparency, and collaboration as we work toward the ambitious goal of transitioning our supply chain. While we cannot yet make a firm time commitment across our global supply chain than we have currently stated, we are making steady progress toward achieving this goal.