The Kewpie Group TNFD Report for FY2024

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1. Background of information disclosure in line with the TNFD recommendations

We recognize that the business activities of the Kewpie Group are closely related to the rich natural environment and that the loss of biodiversity is an important issue. Valuing the idea that "Good products begin with good ingredients," we are grateful for the blessings of nature (ecosystem services) that produce ingredients and aim to achieve Nature Positive, through minimizing negative impacts on biodiversity, conserving the environment, and restoring and regenerating ecosystems.

With this in mind, we established the Kewpie Group Biodiversity Policy in November 2022.

Kewpie Group Environmental Policy

We strive to be environmentally friendly in our business activities throughout the value chain, from product design and raw material procurement to production, sales, and consumption.

1. We strive to conserve resources, save energy, reduce waste, promote recycling and develop recycling technologies.
2. We promote the development of environmentally conscious products and the optimization of containers and packages.
3. We voluntarily set standards and strive to preserve the environment, abide by legal regulations, and furthermore, prepare and enhance an environmental management structure that allows us to respond to social demands.

Adopted 1998, revised 2022

As stated in our Biodiversity Policy, we recognize the importance of understanding our relationship with nature (dependencies, impacts, risks and opportunities) and disclosing this information to a wide range of stakeholders in the context of our business activities. Based on this recognition, we published this report in accordance with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

The TNFD is an international initiative that intends to establish a framework for companies to assess the risks and opportunities related to nature (natural capital and biodiversity) in their economic activities and to disclose appropriate information to investors. This initiative aims to redirect global financial flows towards Nature Positive by encouraging companies and financial institutions to disclose nature-related information. The TNFD is structured similarly to TCFD (Taskforce on Climate-related Financial Disclosures, hereafter referred to as TCFD) and recommends disclosures structured around the four pillars: Governance, Strategy, Risk (and Impact) Management, and Metrics and Targets. We have disclosed information in line with the TCFD recommendations since 2022.

2. General requirements

1. Application of materiality

We adopted single materiality in this disclosure. Single materiality is a concept that focuses on the impact of factors which likely affect a company's finance. In our TCFD disclosures, we adopted the single materiality approach, where the impacts of climate change on financial aspects of our business activities were analyzed. From the perspective of ensuring consistency with the past disclosures, this report focuses on the impact of changes in the natural environment on a company's business activities. On the other hand, according to the TNFD recommendations, a company can focus on, in addition to the impacts on finance, the impact of business activities on the environment and society, which is called double materiality. Therefore, we included a trial analysis of the impact of our business activities on the natural environment this year.

2. Scope of disclosure

We conducted a comprehensive assessment of each business of the Kewpie Group in the entire value chain in terms of business scale and dependencies/impacts on nature. Based on the assessment, we decided to focus on the direct operations in the Kewpie Group and the production of ingredients of our main products “mayonnaise and dressings” (especially deep-roasted sesame dressing). We identified soybeans, canola, corn, sesame, apples and hen'e eggs as the main ingredients for analysis.

3. Locations of nature-related issues

We applied the LEAP approach and identified priority locations with nature-related issues within the scope of disclosure, namely the direct operations and the production of ingredients of “mayonnaise and dressings” (especially deep-roasted 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.

4. Integration with the TCFD reporting and other sustainability disclosures

The Kewpie Group is committed to contribute to realizing a sustainable society and to achieve the sustainable growth of the Group by addressing social issues with the spirits of its founder (Toichiro Nakashima) "contributing to society through healthier dietary lifestyles." The Kewpie Group envisages that strategies that incorporate not only biodiversity, but also climate change and resource circularity will be required in achieving these goals. Therefore, we ensured consistency with other disclosures, bearing in mind that this report be integrated with the TCFD report in the future.

5. The 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.

6. Engagement with Indigenous Peoples, Local Communities and affected stakeholders

The Kewpie Group adheres to the human rights norms set forth in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO), as well as 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. Disclosures in accordance with the TNFD recommendations

Governance

1. Corporate Governance

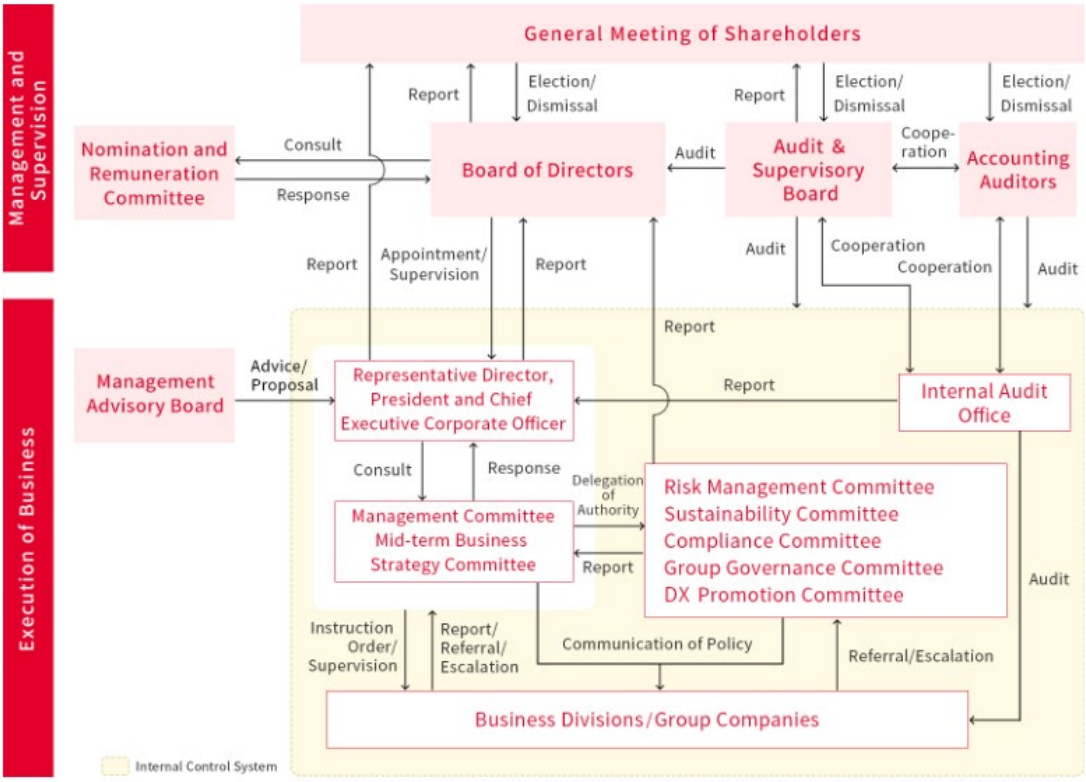
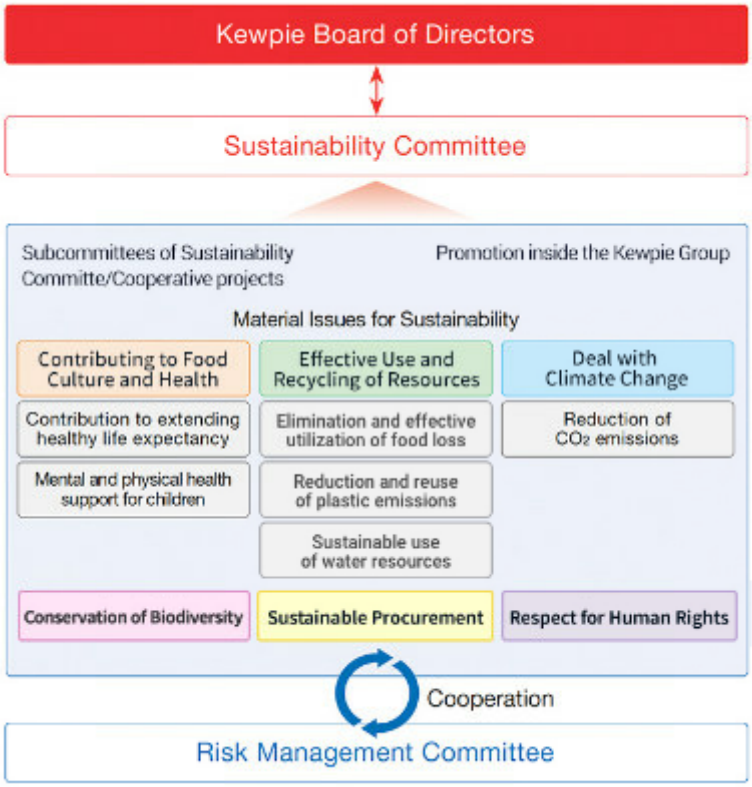


Figure 1 Corporate Governance system

Our corporate governance system is illustrated in Figure 1. Sustainability issues are discussed in the Sustainability Committee and the Risk Management Committee under the authority delegated by the Management Committee and the Med-Term Business Strategy Committee which are advisory bodies to the President & CEO. The results are reported through the Management Committee/the Med-Term Business Strategy Committee to the Board of Directors and the General Meeting of Shareholders.

2. Processes for advancing sustainability



In the Sustainability Committee, chaired by the executive officer in charge of sustainability, the members discuss priority sustainability issues including biodiversity conservation, formulate policies and plans to achieve targets, and promote these implementation and initiatives.

3. Role of board/committee and the frequency of discussion

Meeting bodies, other structures	Roles and responsibilities	Meetings held
Board of Directors	Supervision of sustainability-related issues, including climate change response	12 times
Sustainability Committee	Formulate of sustainability-related policies and plans, including climate change initiatives, determine key issues, and promote initiatives on material issues	Four times

During the fiscal year 2024, the Board of Directors met 12 times and supervised the sustainability-related activities including climate-related measures. The Sustainability Committee met four times to discuss the development of sustainability-related policies and

plans including climate-related measures, make decisions on material issues, and promote implementation and initiatives on priority issues.

4. Human rights policy and engagement with stakeholders

Recognizing that all of our business activities may directly or indirectly affect human rights, 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." Going forward, we will strive to reduce human rights risks in the value chain through the implementation of questionnaires to suppliers and ongoing communication.

Strategy

Nature-related risks and opportunities arise from the interaction between nature and our company/value chain partners (e.g., suppliers). Based on the TNFD framework, we conducted an analysis to understand the dependencies and impacts of our value chain on nature, focusing on the direct operations and the upstream.

1. Analysis of dependencies and impacts on nature

We conducted an assessment using ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure[1]) to understand the Group's dependencies and impacts on nature. The sector classification of our value chain was based on the Global Industry Classification Standard (GICS). In addition, we considered the characteristics of agriculture in countries where the ingredients of mayonnaise and mayonnaise dressing (especially sesame dressing) are produced based on the literature review. We also considered the experience and knowledge of the relevant divisions in our company thorough consultation[2].

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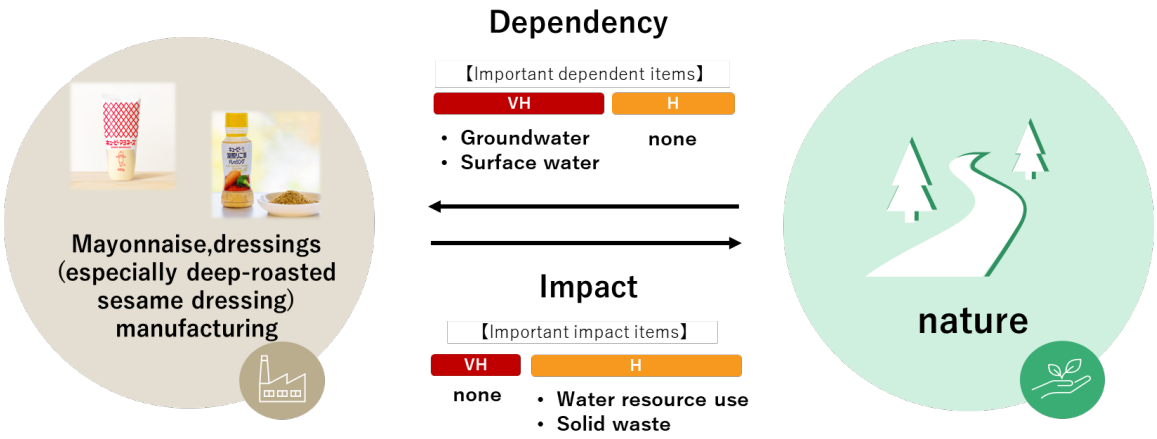
[1] ENCORE is a free online tool that helps businesses examine their exposure to nature-related risks and understand their dependence and impact on nature.

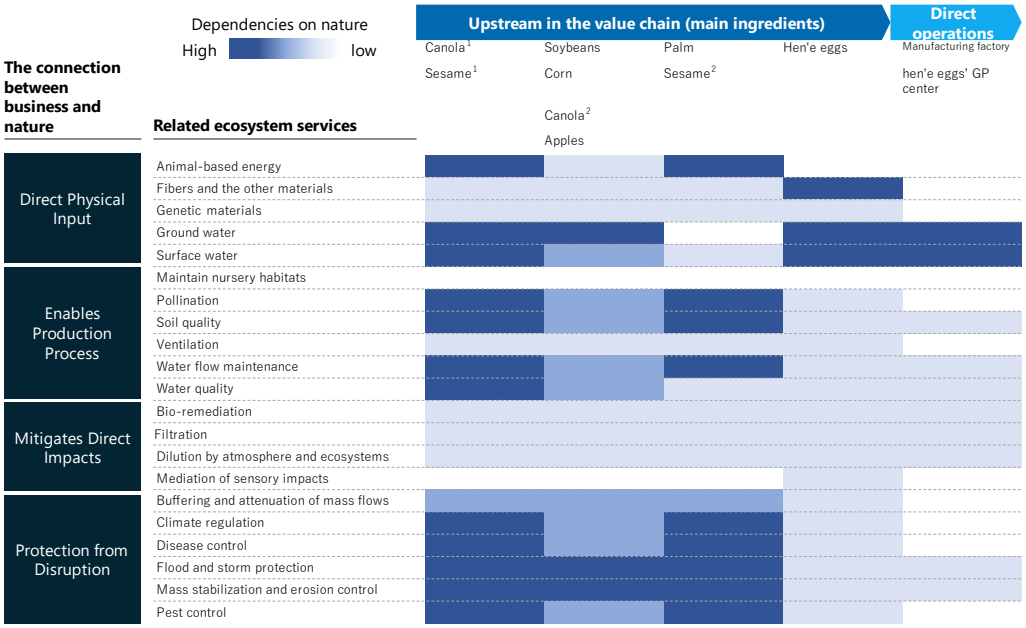
[2] Although ENCORE is commonly applied among industries, we took a process of adjusting outputs from ENCORE as necessary because the outputs sometimes don't reflect the reality of our business.



2. Dependency

The analysis indicated our higher dependency on groundwater and surface water in the direct operations.

The analysis also indicated our higher dependency on diverse ecosystem services in the production of main ingredients upstream, especially fiber and other materials, groundwater and surface water, pollinator services, maintenance of soil fertility, maintenance of a healthy water cycle (e.g., drought control), water quality, climate control, biological control (pest and disease control), mitigation of natural disasters (e.g., flooding) and dependency on soil erosion control.

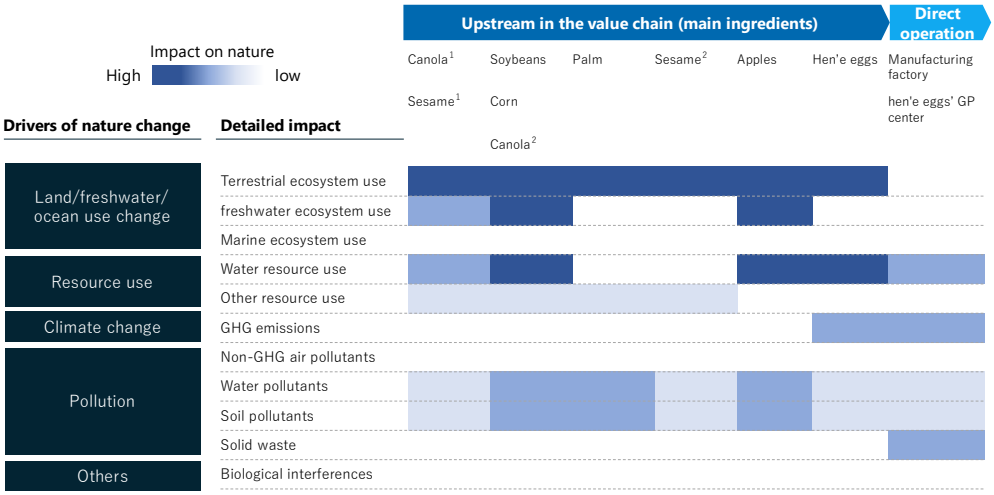


Note: We analyzed the dependencies of canola and sesame production on ecosystem services considering the different agricultural production methods (e.g., irrigated vs. rainfed agriculture) in the sourcing countries so the analysis could reflect the fact that these ingredients are sourced from multiple countries.

3. Impact

The analysis indicated higher impacts on nature by the direct operations, especially through water use and solid waste.

The analysis also indicated the higher impact on nature by the production of main ingredients upstream in the value chain, especially through terrestrial ecosystem use, water use, water pollutants, and soil pollutants.



Note: We analyzed the impacts of canola and sesame production on nature considering the different agricultural production methods (e.g., irrigated vs. rainfed agriculture) in the sourcing countries so the analysis could reflect the fact that these ingredients are sourced from multiple countries.

4. Identification of priority locations

The TNFD framework recommends that an organization identify priority locations for assessment and reflect these locations on its recognition of risks and opportunities, considering the state of nature and significant potential dependencies and/or impacts by the organization. In line with the recommendations, we identified priority locations by assessing the natural capital and biodiversity within the areas where our value chain exists, focusing on the dependent ecosystem services and impact drivers identified in the previous sections.

We reflected multiple perspectives on the analysis of nature and biodiversity that are closely linked to our value chain, using several tools developed by international environmental NGOs and international organizations.

For water resources that the ENCORE indicated our value chain is likely to depend on significantly (see 2. Dependency), we used Aqueduct[3] to assess water stress in the areas adjacent to where the direct operations (our factories) exist. The results showed that our factories are located within areas where the water stress is considered relatively low.

[3] WRI Aqueduct is a global open-source platform where location-specific water risks are assessed from physical (quantity and quality), regulatory, and reputational perspectives.

For terrestrial ecosystem use that the ENCORE indicated as a potential significant impact driver in the production of ingredients upstream in the value chain (see 3. Impacts), we used Biodiversity Risk Filter [4] to analyze ecological integrity. The results showed that the ingredients of mayonnaise and dressing (especially sesame dressing) are produced and sourced in the regions where ecological integrity[5] is high. We continue to monitor the state of nature in the areas where the main ingredients are produced.

The following assessment tools were used for the analysis:

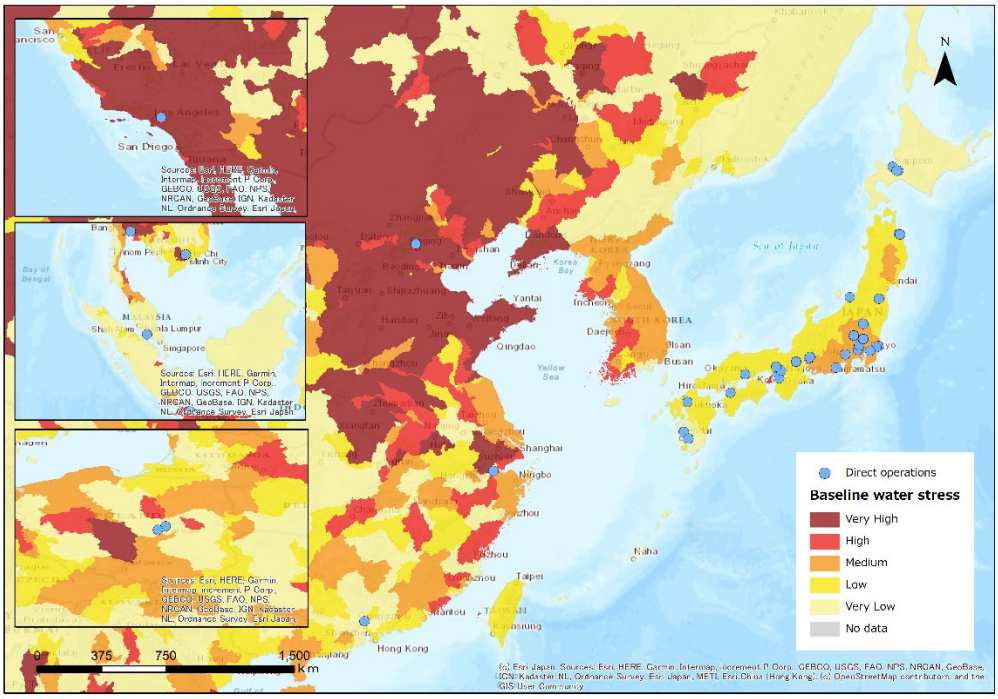
- WWF Biodiversity Risk Filter: ecosystem integrity, land use conversion, etc.
- WRI Aqueduct/WWF Water Risk Filter: water stress, water contaminants, etc.
- IBAT (Integrated Biodiversity Assessment Tool): importance of biodiversity (a proximity to Key Biodiversity Areas and protected areas)
- FAOSTAT: soil contaminant input

[4] WWF Biodiversity Risk Filter is a corporate- and portfolio-level screening tool to help companies identify biodiversity risks by location and supply chain and prioritize actions on biodiversity.

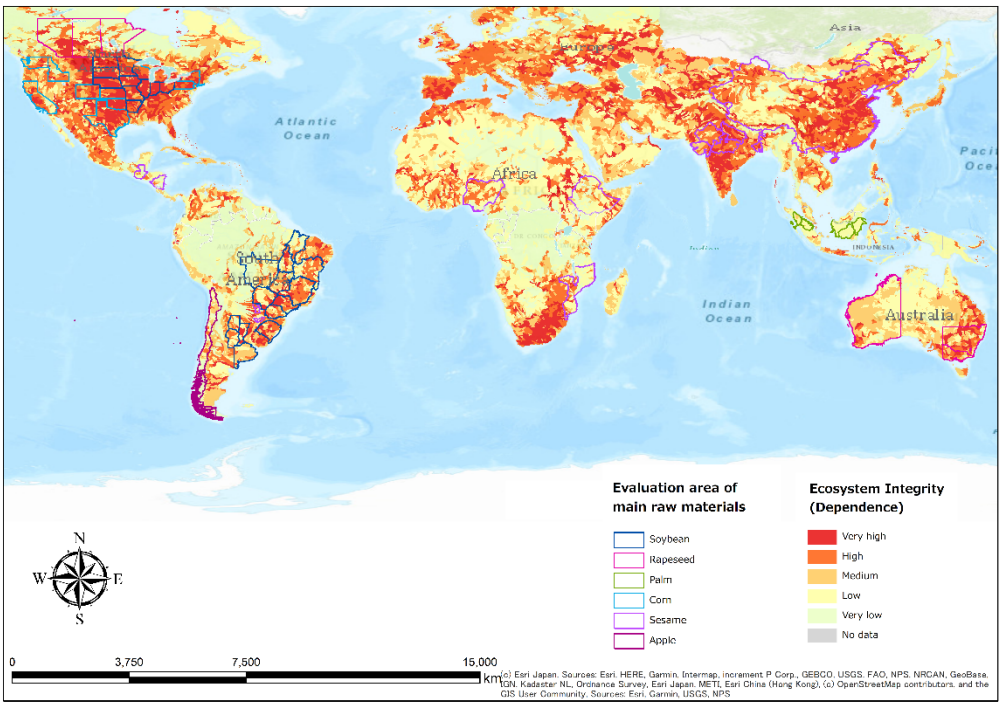
[5] Ecosystem integrity is the ability of an ecosystem to support and maintain ecological processes and a diverse community of organisms.

(Graphics images of the location assessment)

Water risk assessment for the direct operations by Aqueduct



Ecosystem integrity assessment in the production area of the main raw materials (ingredients) by Biodiversity Risk Filter



Identification of priority locations

We identified priority locations considering the location assessment outputs for each item of significant dependencies/impacts on nature.

For the direct operations, several domestic sites were identified as priority locations from the perspectives of dependencies and impacts on water and the discharge of solid waste.

In the upstream of our value chain, eight areas of main ingredients production (canola, sesame and eggs) were identified as priority locations globally, both domestic and overseas, from the perspectives of multiple dependencies and impacts, including water use, pollinator services, natural disaster impact mitigation, and terrestrial ecosystem use.

We continue to monitor the state of nature in the priority locations and take appropriate measures as necessary.

5. Risks and opportunities

We identified nature-related risks and opportunities that are material to the Kewpie Group on a trial basis, by extracting risks and opportunities in the priory locations and assessing their importance under the two aspects of “impacts on business” and “impacts on environment and society.”(Figure 2) While in principle taking the single materiality approach in this report, we also considered scenarios where impacts on environment and society by our business activities lead to policy and reputational risks in the future and consequently these risks have financial impacts on our business.

Figure 2　Risks and opportunities

Physical Risk

VC	Classification.	Major Risks and Opportunities	Business Impact
Upstream of the value chain	Chronic/Acute	Depletion of water resources	Unable to secure the water needed for crop production, productivity declines and procurement becomes more difficult.
Upstream of the value chain	chronic	Weather conditions (precipitation change)	Changes in precipitation patterns reduce productivity and make procurement more difficult

Upstream of the value chain	chronic	Deterioration of water quality	Deteriorated water resources reduce crop productivity and make procurement more difficult.
Upstream of the value chain	chronic	Weather conditions (average temperature increase)	Productivity declines and procurement becomes more difficult.
direct operation	Chronic/Acute	Depletion of water resources	Risk of plant shutdown due to water shortages resulting from increased water stress or disaster events
direct operation	Chronic/Acute	Depletion of water resources	Risk of excessive water withdrawals reducing water resources in the vicinity of the site and adversely affecting the surrounding natural environment.

opportunity

VC	Classification.	Major Risks and Opportunities	Business Impact
Upstream of the value chain	technology	Weather conditions (precipitation change)	Joint development with other companies of varieties that are resistant to natural disasters to reduce risks from disasters and achieve sustainable procurement.
Upstream of the value chain	Product	Weather conditions (average temperature increase)	Achieve stable procurement by optimizing global procurement to reduce the risk of procurement difficulties due to low productivity

Transition risk

VC	Classification.	Major Risks and Opportunities	Business Impact
Upstream of the value chain	reputation	Degradation of terrestrial ecosystems	Reputational risk from sourcing from suppliers who destroy ecosystems to secure farmland
Upstream of the value chain	reputation	Depletion of water resources	Reputational risk from sourcing from suppliers that negatively impact the surrounding natural environment due to excessive water withdrawals
Upstream of the value chain	(the) market (as a concept)	Changing consumer preferences (sustainability preferences)	Risk of increased response costs
Upstream of the value chain	(the) market (as a concept)	Degradation of terrestrial ecosystems	Increased demand for certified palms and corresponding costs to acquire them
direct operation	policy	Tighter water use regulations	Increased costs to comply with regulations that require recharging water sources in an amount equivalent to the amount of water withdrawn
direct operation	lawsuit	Depletion of water resources	Excessive water withdrawal will reduce the amount of water resources in the vicinity of the site, thereby inhibiting the use of water in the surrounding area. Risk of lawsuits from local residents, etc.
consumption	technology	Degradation of terrestrial ecosystems	Risk of sales decline due to replacement with products with reduced environmental impact

opportunity

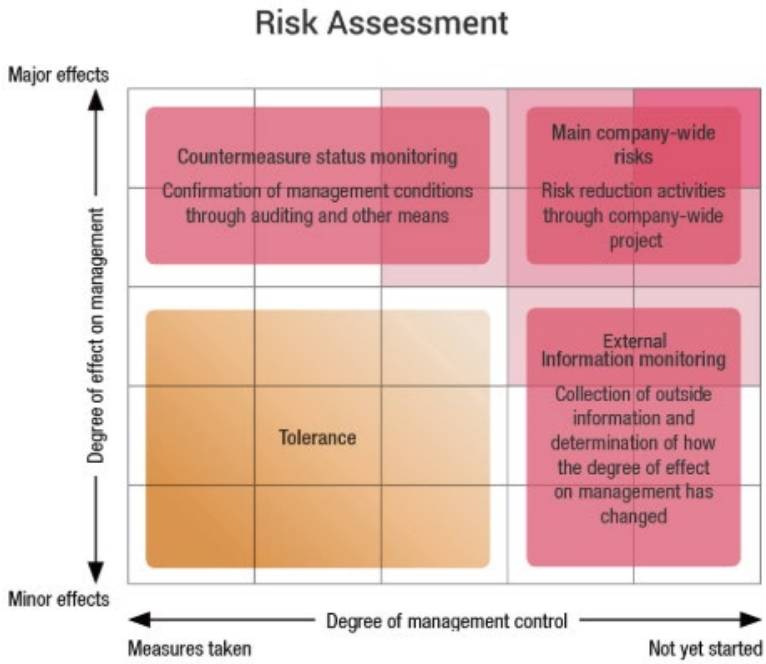
VC	Classification.	Major Risks and Opportunities	Business Impact
Upstream of the value chain	technology	Depletion of water resources	Reduction of water consumption by installing equipment that contributes to reduction of water withdrawal
Upstream of the value chain	reputation	Changing consumer preferences (sustainability preferences)	Attract a customer base that prefers products that are sustainable
Upstream of the value chain	technology	Degradation of terrestrial ecosystems	Protecting and regenerating ecosystems improves the sustainability of crop procurement
consumption	Product	Degradation of terrestrial ecosystems	Achieve sustainability through waste reduction and beneficial use by introducing packages that contribute to reducing environmental impact.

We will further analyze and consider measures through discussion to respond to the material risks and opportunities.

Risk and impact 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.*6 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 these company-wide risks and the policy and status of responses to them.

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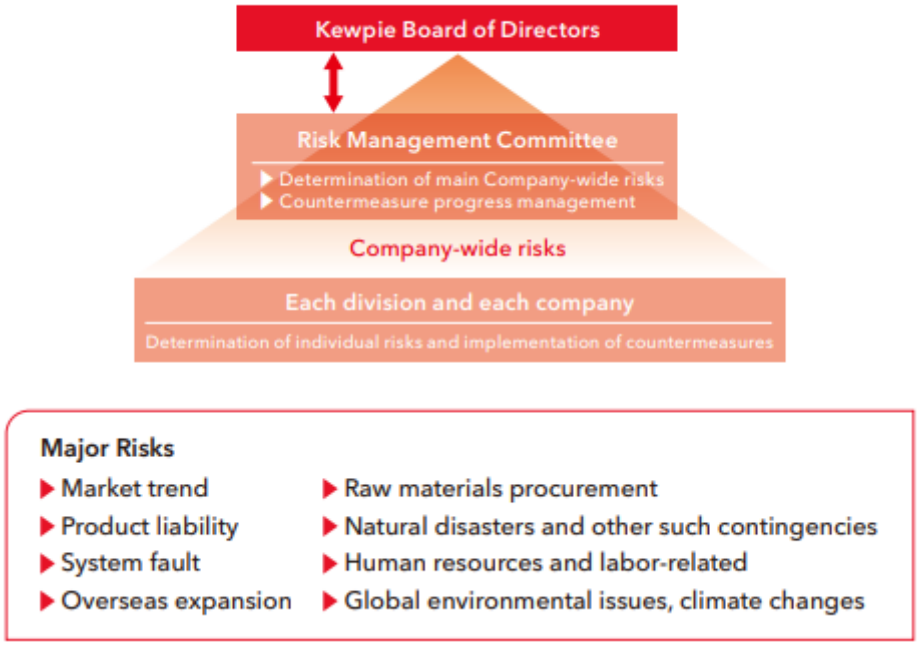
6 The Risk Management Committee is composed of members from Kewpie Corporation's management meeting and representatives from major divisions and key subsidiaries. It serves as the highest decision-making body for risk management in the Kewpie Group and convenes meetings three times a year. Issues concerning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



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.

Metrics and targets

This table shows the link between the global core indicators identified by TNFD and our sustainability indicators and targets.

Natural Factors of Change	Global Core Disclosure Indicators	Related Company Indicators
climate change	GHG emissions	✓ Already supported by TCFD
Land/freshwater/oceanic use change of use	Total space footprint	
	Range of land/freshwater/ocean use change	
Contamination / Decontamination	Total amount of contaminants released into the soil by type	✓ Specific consumption per unit of total volume and

		production volume Decrease from previous year
	Wastewater discharge	
	Waste Generation and Disposal	✓ Food residue reduction rate (compared to FY2015): 65% or more ✓ Effective utilization rate of unutilized vegetable portions: 90% or more for major vegetables such as cabbage (current year) ✓ Food waste reduction rate (compared to FY2015): 70% or more
	plastic pollution	✓ Plastic emissions reduction rate (compared to FY 2018) of at least 30
	Total air pollutants other than greenhouse gases (GHG)	
Resource Use/Resource Replenishment	Water withdrawal and consumption from water scarce areas	✓ Reduction rate of water consumption (per unit) (compared to FY2020): 10% or more
	Amount of high-risk natural primary commodities sourced from land/ocean/freshwater	
Invasive alien species, etc.	Placeholder Indicator: Measures against unintentional	

	introduction of invasive alien species (IAS)	
State of Nature	Placeholder Indicators: Ecosystem Condition	
	Placeholder indicator: species extinction risk	

This table shows our indicators and targets related to the conservation of biodiversity.

Material Issues	Initiative Theme	Indicators	FY2030 Target
Conservation of Biodiversity	Conservation of Biodiversity	100% sustainable paper procurement by 2025 (Containers and packaging, booklets, promotional products, office supplies)	

We continue to monitor developments in external discussions, such as COP16 in Convention for Biological Diversity (CBD) and the TNFD guidance and, in the future, consider setting targets for the nature-related risks and opportunities that were identified in this report.

TOPICS①.

Consortium for biodiversity conservation “SHIBUYA Urban Farming Project”

In June 2024, Kewpie, together with General Incorporated Association Future Design Shibuya, started “SHIBUYA Urban Farming Project” to promote urban greening and biodiversity conservation, and to build community and new food culture which are unique to Shibuya.

We place urban farming at the center of the activities and promote initiatives towards Nature Positive in collaboration with other business partners making use of the strengths of the Kewpie Group.

TOPICS 2

Collaborative efforts for resource recycling

The Kewpie Group is working on circular economy initiatives as part of its solutions to achieving Nature Positive. This initiative aims to reduce waste and negative impacts on nature and environment such as plastic pollution by collecting used oil-containing PET bottles and mayonnaise bottle.

- PET bottles with oil (e.g., dressing bottles)

We started working with Nisshin Oillio Group Inc. to recycle PET bottles for dressings and cooking oil.

In FY 2024, a demonstration experiment is planned for collection of used oil-containing PET bottles at eight AEON and AEON Style stores in Chiba City, aiming to efficiently collect samples and develop/demonstrate technologies leveraging the knowledge owned by the two groups.

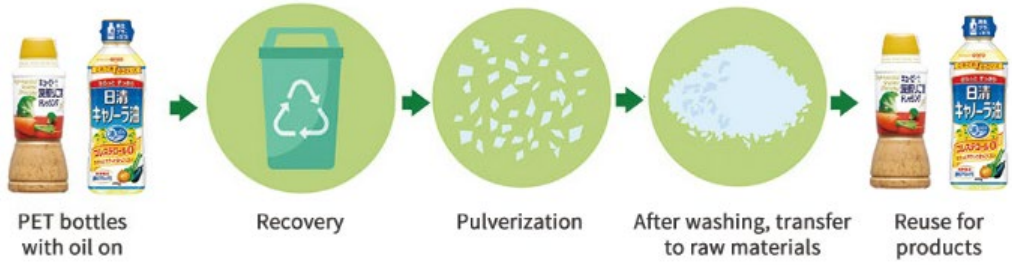
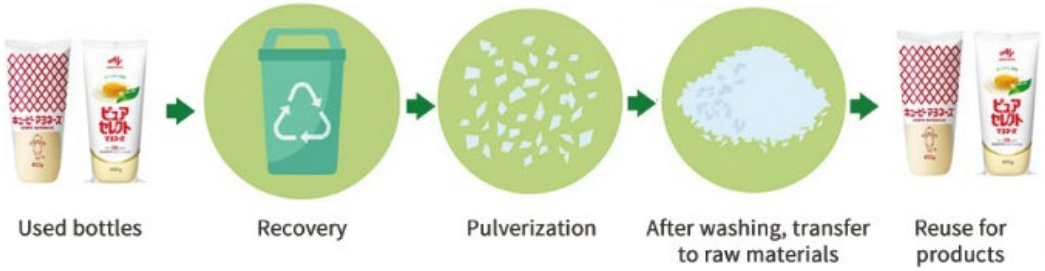


Image of circulation

- Mayonnaise bottles

We started working with Ajinomoto Co., Ltd. to recycle mayonnaise bottles as part of the Clean Ocean Materials Alliance (CLOMA), a cross-industry platform for public-private partnerships aimed at solving the problem of marine plastic waste.

In FY 2024, a demonstration experiment is planned for collection of used mayonnaise bottles at one Ito-Yokado store in Kawasaki City.



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