

Kagome’s Approach to Sustainability



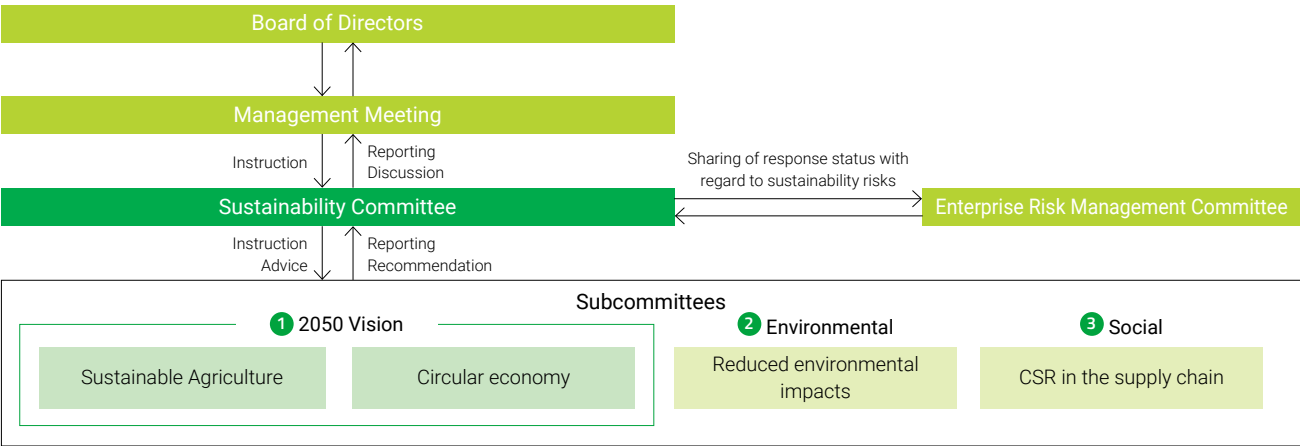
Basic Policy on Sustainability

Since its founding, the Kagome Group has proposed novel approaches to foods and services harnessing the bounty of nature, following its commitment toward manufacturing embodied by the belief that fields are the primary production plant.

To pass this approach to business on to the future, we will put into practice our corporate philosophy of “appreciation,” “nature” and “corporate openness.” At the same time, we will work to resolve social issues with the cooperation of stakeholders to achieve the Group’s sustainable growth and realize a sustainable society.

Sustainability Promotion System

In October 2022, Kagome established the Sustainability Committee in order to more powerfully advance companywide the sustainability initiatives implemented previously by relevant departments. The Committee discusses long-term preparations and actions in response to sustainability issues based on the matters discussed by its subcommittees. In turn, these findings are reported to and discussed by the Management Meeting and Board of Directors to be reflected in specific management strategies.



Sustainability Committee discussions during FY2024

In FY2024, the Sustainability Committee met a total of four times. From a long-term perspective, the committee examined the realization of a sustainable society (resolution of social issues) and the sustainable growth of the company.

	Agenda
First meeting (March 13)	• 2050 Vision Formulation Project: discussion in preparation for the final report to management
Second meeting (June 7)	• Human rights due diligence: identification of human rights themes
Third meeting (September 11)	• Top management required for climate-related financial information disclosure (talk by an expert) • TCFD Update Project: interim report • Environmental management review (including the impact of Ingomar’s consolidation on reducing GHG emissions)
Fourth meeting (December 11 and 17)	• Corporate information disclosure on natural capital (talk by an expert) • Report on the results of the TNFD trial and completion of the TCFD Update Project • Completion report of Project 2050 and sharing of circular economy issues • 2024 CSR Procurement Activity Report and 2025 Activity Plan • Setting of FLAG targets • Reporting of Scope 3 reduction efforts

Highlights of Sustainability Committee (and Subcommittee) Activities

Project 2050 Subcommittee

We launched the 2050 Vision Formulation Project as a subcommittee under the Sustainability Committee to incorporate the aspirations of young employees into the next long-term vision, which is mainly formulated by management. The project will answer such questions as “what kind of society Kagome wants to achieve in 2050” and “what Kagome will work on to realize that society.” Project members were recruited from employees in their 20s to 40s, who showed enthusiasm and passion from among the large number of applicants. These members met in a total of 11 workshops between October 2023 and March 2024 to develop a vision through scenario planning and understanding what makes Kagome unique. During the project period, project members reported on progress twice to the Sustainability Committee, where lively discussions took place. The 2050 Vision, which was developed based on advice from committee board members, was finally submitted to the Management Meeting in April 2024. In turn, management provided feedback that they would incorporate the aspirations of young employees into the next long-term vision.



Workshop involving project members

Environment Subcommittee

We worked on revamping our TCFD disclosures as a key theme for the Environment Subcommittee in 2024. At the Management Meeting held in February 2024, approval was granted to proceed with this as a company-wide project. As a result, a total of three workshops were held involving representatives from all 11 departments. During the workshops, participants talked about identifying risks and opportunities posed by climate change and formulating countermeasures. At the Sustainability Committee meeting in September, an expert gave a talk on climate-related financial disclosure, after which the Environment Subcommittee reported on the progress of the TCFD Project. The discussion mainly involved the financial impacts that the company is disclosing for the first time. The committee also received a report on the results of the TNFD trial and the contents of the initial disclosure, and confirmed initiatives for next fiscal year and beyond. **TCFD** [P.47–50](#)

Social Subcommittee (CSR in the supply chain)

Following the formulation of the Kagome Group Human Rights Policy in 2023, the Social Subcommittee, consisting of representatives from procurement, legal, and sustainability departments, is working on human rights due diligence. At the Sustainability Committee meeting in June 2024, the subcommittee presented a proposal for human rights themes that should be prioritized, identified from country risks and potential human rights risks examined in workshops held by related departments. Lively discussions were held during the meeting on the reasons for selecting the target countries and their appropriateness. The subcommittee also presented future challenges regarding CSR procurement activities, which were a new theme starting from FY2024. **Human Rights** [P.64](#)

Message

Companywide efforts to comply with the TCFD recommendations

Since 2019, Kagome has been conducting scenario analyses based on the TCFD recommendations and disclosing the results. This time, the company launched a new TCFD Update Project to revamp the content, and I was in charge of the secretariat. In this project, we invited people from a wide range of departments, such as the planning and development and agri-business, who had not taken part in the previous project, to participate. Emphasis was placed on advancing discussions while sharing an understanding across the entire company. As a company with roots in agriculture, Kagome is already feeling the impact that extreme weather caused by global warming has on the industry. This made it possible for the significance of this project, which examines measures to deal with the highly uncertain future of climate change, to be easily understood within the company. As a result of all departments taking ownership and using a proactive approach, the project was able to evaluate risks and opportunities across the entire value chain and identify specific countermeasures. We will continue to work towards our goal of becoming a strong company capable of sustainable growth, using food as a means of resolving social issues.



Profile
Naoko Nakamura
Corporate Planning Department
Sustainability Group

Kagome's Approach to Materiality

Kagome positions materiality as issues to address in sustaining its business model for sustainable growth and mid- to long-term efforts for enhancing corporate value. These issues include mid-term priority issues, sustainability issues and issues without a specific time horizon. Three of the seven materiality items identified are social issues that we seek to address through our businesses while the remaining four issues involve strengthening Kagome's value creation activities. [P.46](#)

By addressing these materiality items, we will aim to become a strong company capable of sustainable growth.



Process of Identifying Materiality

Kagome identified its materiality in 2019 and since then the company has reflected these important issues in management. However, the business environment is changing daily, and we plan to review our materiality in 2025, the final year of our third Mid-Term Management Plan. We will once again identify materiality by updating the long list of social issues that is the starting point for the current materiality, identifying those issues that are highly relevant to our next long-term vision and existing businesses, and prioritizing them based on the opinions of employees, including management, and the trends of stakeholders. We will set specific measures and KPIs for the identified materiality and reflect these issues in our next mid-term management plan.

2018	Identification and sorting of social issues
2019	Identification of materiality using a third-party assessment from external stakeholders
2021	Review of materiality (reorganized materiality issues from 17 to 7) <ul style="list-style-type: none">Interviews of external stakeholdersValidity evaluation by the Board of Directors
2023 onward	Promotion of issues through the Sustainability Committee
Up to 2025	Review of materiality for the next Mid-Term Management Plan

Seven Materiality Issues and Main Initiatives

	Materiality	What we strive for (KPIs, etc.)	Main initiatives	Relevant SDGs	Related pages
Three social issues	 Longer, healthier lives	We will promote vegetable consumption through various products and information and contribute to a healthy dietary habit and lifestyle of consumers.	Develop value and disseminate information that links to behavioral change towards a diet with vegetable consumption Develop and spread products that contribute to vegetable consumption Expand health expectations domain we can be of help with	 	Domestic Processed Food Business: P.39–40
	 Agricultural development and regional revitalization	We aim to establish sustainable agriculture through agriculture business, developing plant varieties and technological development.	Promote local agricultural business through development of vegetable growing regions and processing Develop technologies and services that improve agricultural productivity and sustainability Disseminate the appeal of domestic agricultural products through our business activities		Developing Plant Varieties and Cultivation: P.25
	 Sustainable global environment	We will reduce environmental impact in our business activities from stages of procurement to products. We will achieve carbon neutrality by 2050.	Initiatives for achieving carbon neutrality by 2050 Initiatives to reduce food loss and waste Conserve water and biodiversity Procure low environmental impact raw materials and other materials and develop similar products	 	Environment: P.47–56
Strengthening activities for value creation	 Product safety and security	Achieve Quality First, Profit Second* * Kagome's philosophy of equally valuing the provision of safe and secure quality products to consumers and the creation of profits	Improve quality and communicate with customers to promote trust in the brand		Quality: P.57–58
	 Establishing a sustainable supply chain	We will establish a stable procurement base and logistics system adaptive to changes in the environment.	Procure materials in an environmentally and socially responsible and sustainable manner Establish a logistics system capable of consistent product delivery to customers	 	Supply Chain: P.65–66
	 Respecting diversity and expanding human capital	We will link diversity to innovative creation and sustainable growth.	Establish an environment conducive to innovation through promoting diversity and inclusion Promoting health and productivity management	 	Human Resources: P.59–63
	 Strengthen corporate governance	We will establish corporate governance that adapts to the times with our own commitment through further strengthening of "autonomy" complemented by "heteronomy."	Strengthen corporate governance system Ensure appropriate information disclosure and assurance of transparency Formulate an intellectual property strategy and risk management		Corporate Governance: P.69–80

TOPICS Intellectual Property Activities

1 Intellectual property activities safeguarding our brands

In order to protect and develop the brand that we have built since our founding, Kagome's Brand Council, which consists of the representatives from the corporate planning, legal, advertising, and public relations departments, has formulated policies, regulations, and manuals on the proper use of the corporate brand, and is working to ensure its proper use based on these policies.

In FY2024, based on our business plan, we sought to enhance brand protection by expanding rights for our mainstay product brands in Japan and stepping up applications overseas. For example, in Japan, we expanded the scope of our rights for flagship mixed vegetable juice, Yasai Ichinichi Kore Ippai, by registering standard characters in addition to the shape and logo. Overseas, in addition to filing applications for various brand logos following the increase in export destinations, we also handle customs registrations as border control measures against counterfeit goods and engage in dispute resolution against Chinese counterfeit applications. These actions support the accelerating growth of our International Business.

Going forward, we will continue to provide legal support for the growth and development of the Kagome brand.



2 Intellectual property activities for safeguarding and utilizing technologies

We conduct regular research and development for resolving social issues through food, while also working to maximize our results by protecting and utilizing our intellectual properties. Mainly in the fields of agriculture, health, and processed foods and beverages, Kagome engages in intellectual property activities linked to the strategies of each business department.

In FY2024, we obtained patent rights related to a tomato cultivation app, the functionality of tomato pulp, and VegeCheck®.

Our patented technology is used in the tomato cultivation support app, which we developed based on the knowledge and ideas of researchers to allow even beginners to grow tomatoes with confidence. Based on research results regarding the functionality of tomato-derived dietary fiber, we have obtained a food use patent for its function of suppressing the rise in blood sugar level. Additionally, based on the results of this research, we are now labeling functional claims for our core vegetable beverages. To prevent imitation by other companies, our VegeCheck® device for measuring estimated vegetable intake is also protected by our patented technology.

Through the improvement of our technological capabilities, we will contribute to the enhancement of corporate value, sustainable growth, and the development of the food industry.



Sustainable Global Environment

As part of its corporate responsibility to reap the benefits of nature’s bounty and deliver new food and services to customers, the Kagome Group is promoting initiatives for a sustainable global environment, including the prevention of global warming, effective use of resources, water conservation, and sustainable agriculture.



Relevant SDGs

6

CLEAN WATER AND SANITATION

7

AFFORDABLE AND CLEAN ENERGY

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

13

CLIMATE ACTION

14

LIFE BELOW WATER

15

LIFE ON LAND

Initiatives to Address the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD)

For the Kagome Group, which uses the bounty of nature as its raw materials, protecting the natural environment is essential for the continuity of its business.

We recognize that climate change and the loss of natural capital are major issues that will affect the sustainable growth of its businesses. In response to climate change, we conducted TCFD scenario analysis targeting some departments in 2019 to shed light on risks and opportunities in our businesses. In April 2022, we announced our support for the TCFD recommendations and launched a company-wide TCFD Update Project at the end of 2023 to re-analyze and re-identify the impact of climate change on the Kagome Group’s entire value chain.

Also, in response to natural capital, we began complying with the TNFD recommendations from the end of 2023 following their publication in September 2023. As this was the first year of the TNFD, we are focusing on tomatoes, the most important product in our business activities, and using the LEAP approach to assess nature-related risks and opportunities having an impact on natural capital and our dependencies on ecosystem services.

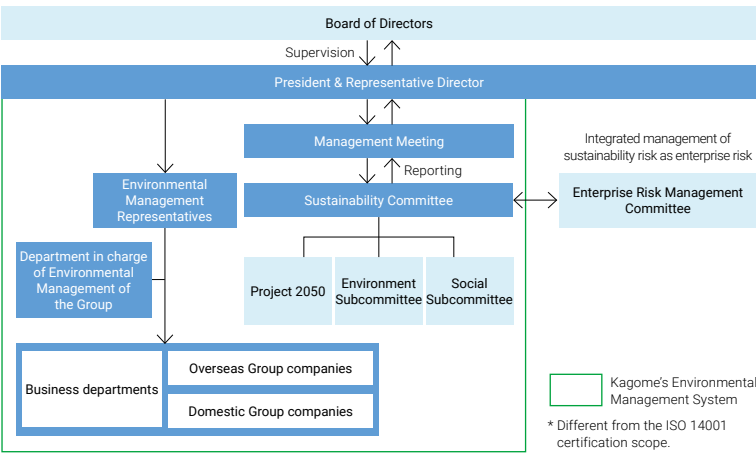
Recognizing that climate change and natural capital are intricately related, we are working to integrate the disclosure of climate-related financial information based on the TCFD and nature-related financial information based on the TNFD.

Moving forward, the Kagome Group will continue to expand its information disclosure based on the TCFD and TNFD and, by addressing issues related to climate change and natural capital, will contribute to the realization of a sustainable society and sustainable agriculture.

Governance

The Kagome Group recognizes that an interruption in the procurement of raw materials is the greatest risk facing its business operations. We aim to strengthen our resilience as a Group in response to the impacts of climate change and nature-related issues on raw materials procurement, and to enhance our corporate value under the governance structure shown in the diagram at right.

The Board of Directors supervises the Management Meeting and Sustainability Committee. The Management Meeting receives reports from the Sustainability Committee and deliberates and implements the Group’s management policies and strategies. Additionally, we have established a governance system for the Group through collaboration between the Sustainability Committee and environmental management system, which is based on ISO 14001.



Sustainability Committee

Chair Director & Executive Officer in charge of Sustainability

Members Division directors and general managers of related departments involved in resolving social issues and addressing ESG issues, sustainability information dissemination department

Purpose

- Review Kagome's approaches for achieving a sustainable society (resolution of social issues) and sustainable growth of the company from a long-term perspective and reflect these findings in management strategies
- Monitor sustainability issues identified to address our own materiality and carry out instructions and provide advice to departments responsible for implementation

Strategy

Scenario analysis on climate change (TCFD)

Identification of risks and opportunities

With the aim of achieving net zero emissions of greenhouse gases by 2050, the Kagome Group has established a greenhouse gas emission reduction target for 2030, which received certification from the Science Based Targets (SBT) initiative in 2022 as a 1.5°C target*1. To align with this goal, we modified our TCFD scenario analysis from the previous 2°C and 4°C scenarios to the 1.5°C and 4°C scenarios to identify the risks and opportunities that climate change poses to our businesses.

*1 A science-based greenhouse gas emission reduction target to limit global warming to 1.5°C above pre-industrial levels.

List of Risks and Opportunities Related to Climate Change

Categories		No.	Climate change risks and opportunities	Level of impact	Time frame of occurrence
Transition risks		1	Increase in tax payments from the introduction of carbon taxes	Small	Short to medium term
		2	Higher procurement costs for purchased products, services and transportation due to carbon taxes	Large	Short to medium term
		3	Increased investment in new technologies and equipment to reduce GHG emissions	Small	Short to medium term
		4	Increased costs of complying with container and packaging regulations	Small	Short to medium term
		5	Higher costs due to soaring electricity and energy prices	Medium	Short to long term
Physical risks	Acute	6	Increase in extreme weather events (estimated damages caused by flooding at production plants and loss of profits due to production plants being unable to operate as a result of heavy rains and floods)	Medium	Short to medium term
		7	Changes in rainfall patterns (droughts causing water prices to soar)	Small	Short to medium term
	Chronic	8	Changes in rainfall patterns (higher production costs due to lower groundwater levels)	Small	Short to medium term
		9	Higher procurement costs due to reduced tomato yields caused by rising temperatures	Large	Short to long term
		10	Higher temperatures reduce agricultural productivity, increasing procurement costs	Large	Short to long term
Opportunities		1	Lower costs through more efficient transportation	Small	Short to medium term
		2	Lower costs through resource efficiency in containers and packaging	Small	Short to medium term
		3	Lower costs through reduction in fertilizer and water usage, and increased sales through development and external sales	Small	Short to medium term
		4	Higher sales through development and sales of sustainable and low-carbon products	Small	Short to long term
		5	Greater sales opportunities due to diversification of business activities	Large	Short to long term

* The time frame for the analysis is the maximum four years of the mid-term management plan for the short term, up to 2035 for the medium term, or the end year of the next long-term vision, and up to 2050 for the long term.

* We reference each IPCC SSP scenario according to the range of average temperature rise for the TCFD's physical risks and the IEA's NZE scenario for transition risks.

* The level of impact is roughly defined as "small" when below 2 billion yen, "medium" when between 2 and 5 billion yen, and "large" when over 5 billion yen.

Sustainable Global Environment

Financial impacts due to risks and opportunities and response

Of the identified risks and opportunities, we calculated the financial impact of items with a large impact and items that could be calculated. In addition, the project considered countermeasures for each value chain in response to risks and opportunities identified using the TCFD framework, dividing them into “climate change (GHG and carbon taxes),” “sustainable agriculture,” “water,” and “sustainable products and diversification of business activities.”

1 Climate change (GHG and carbon taxes) Response strategy for climate change-related risks and opportunities (mitigation)

We recognize the introduction of carbon taxes and rising energy costs as transition risks related to climate change. We referenced the climate change scenarios presented in the International Energy Agency's (IEA) World Energy Outlook (WEO) and predicted the impacts based on carbon tax payments, energy demand and prices. The increase in payment costs due to carbon taxes is expected to be approximately 1.8 billion yen under net zero emissions (NZE: 1.5°C scenario) and approximately 1.6 billion yen under the stated policies scenario (STEPS: 4°C scenario).

We have obtained certification from the SBT initiative and will continue to work on reducing greenhouse gas emissions by improving energy efficiency in our production plants and utilizing renewable energy sources. We will also step up cooperation with suppliers, aiming to improve transportation efficiency and reduce greenhouse gas emissions in the procurement of raw materials, including containers and packaging.

Recognition of Risks and Opportunities

Carbon taxes and fluctuations in energy prices
(Transition risk no. 1, 2, 3, 4 and 5, and opportunity no. 1)

Financial Impacts

Higher payment costs due to carbon taxes		Higher procurement costs due to carbon taxes	
1.5°C	4°C	1.5°C	4°C
2030	2030	2030	2030
1.8 billion yen	1.6 billion yen	22.2 billion yen	19.0 billion yen

Response

2025

Milestones
2030

2035

Action 1
Conserve energy and introduce new forms of energy

Upgrade to FIT high efficiency boilers
Upgrade to KIU high efficiency boilers

Expand introduction of exhaust gas re-use technologies at farms
Introduce additional biomass energy at plants in Japan

Consider introduction of hydrogen fuel

Action 2
Switch to electricity generated from renewable energy

Introduce solar power PPA* model at Italgro
Introduce PPA at Nasu Plant

Expand introduction of solar power generation at plants in Japan

Action 3
Engage suppliers

Promote GHG emission reduction activities through collaboration with suppliers and improved transportation efficiency

* Power Purchase Agreement

2 Sustainable agriculture Response strategy for climate change-related risks and opportunities (adaptation)

There is concern that rising temperatures and other climate changes may have a strong impact on tomato yields. In June 2017, sustained high temperatures in California caused real damages, with tomato yields decreasing by 16.1% compared to average years (USDA).

Based on tomato yield data from California, which is the primary producing region of tomatoes for the Group, we analyzed the predicted changes in yield under each scenario in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). Based on an analysis of the state's minimum June temperatures, it was estimated that Kagome Japan's procurement costs would increase by 7.1 billion yen in 2050 under SSP1-1.9 (1.5°C scenario) and 14.7 billion yen under SSP5-8.5 (4°C scenario). If tomato yields decrease, the unit price of fresh tomatoes and the selling price of processed tomato products (raw materials) will actually increase, resulting in no net decrease in profits for the entire Group because of the increased profits of overseas subsidiaries. Our upstream value chain will ensure that we maintain stable earnings. To secure a stable supply of tomatoes as a raw material, we will implement strategies to respond to climate change, including improving varieties to be more resistant to high temperatures (cultivation technology and variety development), developing drought-resistant varieties, introducing water-saving and fertilizer-reducing cultivation technology, and conducting research into the development of new production areas.

Recognition of Risks and Opportunities

Impacts of rising temperatures on crops
(Physical risk no. 8 and 9, and opportunities no. 3, 4 and 5)

Financial Impacts

Higher costs due to changes in tomato yields caused by rising temperatures			
1.5°C		4°C	
2035	2050	2035	2050
6.1 billion yen	7.1 billion yen	7.1 billion yen	14.7 billion yen

Calculation formula: Increase in procurement amount = "Procurement amount" x "Yield reduction rate caused by high temperatures based on USDA data on tomato yields in California in 2017" x "IPCC temperature increase projection"

Response

2025

Milestones
2030

2035

Action 1
Develop cultivation technology and varieties for maintaining tomato quality

Improvement of varieties to be more resistant to high temperatures (cultivation technology and variety development): 1 or more cases

Development of drought-resistant varieties and introduction of water-saving and fertilizer-reducing cultivation technology: 1 or more cases

Action 2
Maintain and expand procurement volume

Risk assessments and consideration of new production areas

3 Water Response strategy for climate change-related risks and opportunities (adaptation)

When typhoons, torrential rainfall, and floods occur, it becomes difficult to procure raw materials, including tomatoes. In April 2017, record rains caused tomato yields to decline due to cracking and disease at our plant in Australia, forcing the plant to suspend operations. On the other hand, the Kagome Group consumes water in the cultivation of crops used as raw materials for its products and consumes a large amount of water during the processing stage. Droughts can increase water costs and potentially reduce raw material yields. In fact, during past droughts, water prices have risen by 400%, exposing the company to risk of water shortages.

To protect water resources in the regions where we operate, six domestic plants and seven overseas plants of the Kagome Group have formulated water management plans, and are taking sustainable measures suited to each region by managing the amounts of water intake and discharge, the amount of water recycled, and the quality of discharged water. In addition, we conducted water risk assessments on six domestic plants and seven overseas plants. At priority overseas bases with high water risks, the Kagome Group engaged each overseas plant and local relevant parties to implement various measures tailored to each plant and region.

Furthermore, we have already taken measures to reduce risk at our domestic plants in the event of flooding or drought. These include installing a waterproof wall at the Kozakai Plant. We will now expand these efforts throughout the entire Group.

Recognition of Risks and Opportunities

Impacts due to flooding or drought
(Physical risks no. 6 and 7, and opportunity no. 3)

Response

2025

Milestones
2030

2035

Action 1
Reduce water intake rate of domestic plants

9% reduction in intensity (vs. 2021)

14% reduction in intensity (vs. 2021)

Action 2
Reduce water intake rate of overseas plants (Portugal)

Introduction of food service line circulating cooling tower: add one
20% reduction in intensity (vs. 2020)

* Hazard countermeasures completed at all domestic plants in 2022

4 Sustainable products and diversification of business activities Response strategy for climate change-related opportunities

Responding in the right way to the risks posed by climate change will create business opportunities for the Kagome Group. For example, an increase in extreme weather and natural disasters will boost demand for vegetable products that can be stored for long periods for disasters, while growing interest in climate change will spur demand for sustainable options such as products that are as environmentally friendly as possible.

As one example, we estimated the impact on sales of preserved vegetable products for disasters that can be stored for a long period (shelf life of five and a half years), if the number of disasters increases due to climate change. Based on the average annual sales amount of our preserved vegetable products for disasters and the frequency of flooding according to the scenarios in the Ministry of Land, Infrastructure, Transport and Tourism's *Flood Control Planning Based on Climate Change*, we estimated the financial impact (increase in revenue) to be 700 million yen under the 1.5°C (2°C) scenario and 1 billion yen under the 4°C scenario.

Additionally, to diversify its business activities, Kagome has established a corporate venture capital (CVC) fund to invest in and collaborate with leading start-ups in possession of innovative agricultural technologies from around the world. Through the efforts of this fund, we aim to develop and implement new varieties and cultivation technology that are adaptable to climate change, as well as to develop new businesses through open innovation with target companies.

Recognition of Risks and Opportunities

Development and sales of sustainable products, diversification of business activities
(Transition risk no. 4, physical risk no. 10, and opportunities no. 2, 3, 4 and 5)

Financial Impacts

Increased revenue of vegetable products that can be stored for long periods for disasters, etc.	
1.5°C (2°C)	4°C
2035	2035
0.7 billion yen	1.0 billion yen

Calculation formula: Average net sales of rolling stock products (2020–2023) x Increase rate of flood frequency

Response

2025

Milestones
2030

2035

Action 1
Develop sustainable products
• Environmentally friendly containers and packaging
• Products that can be stored for long periods
• Research into the functionality of vegetables and expansion of beverages rich in carotenoids

Beverage PET bottle recycling/plant-based materials: 50% or more
Paper carton beverages: zero use of straws made from petroleum-derived materials

Expansion of vegetable products that can be stored for long periods for disasters, etc.
Research on vegetable functionality, understanding of effects, product development

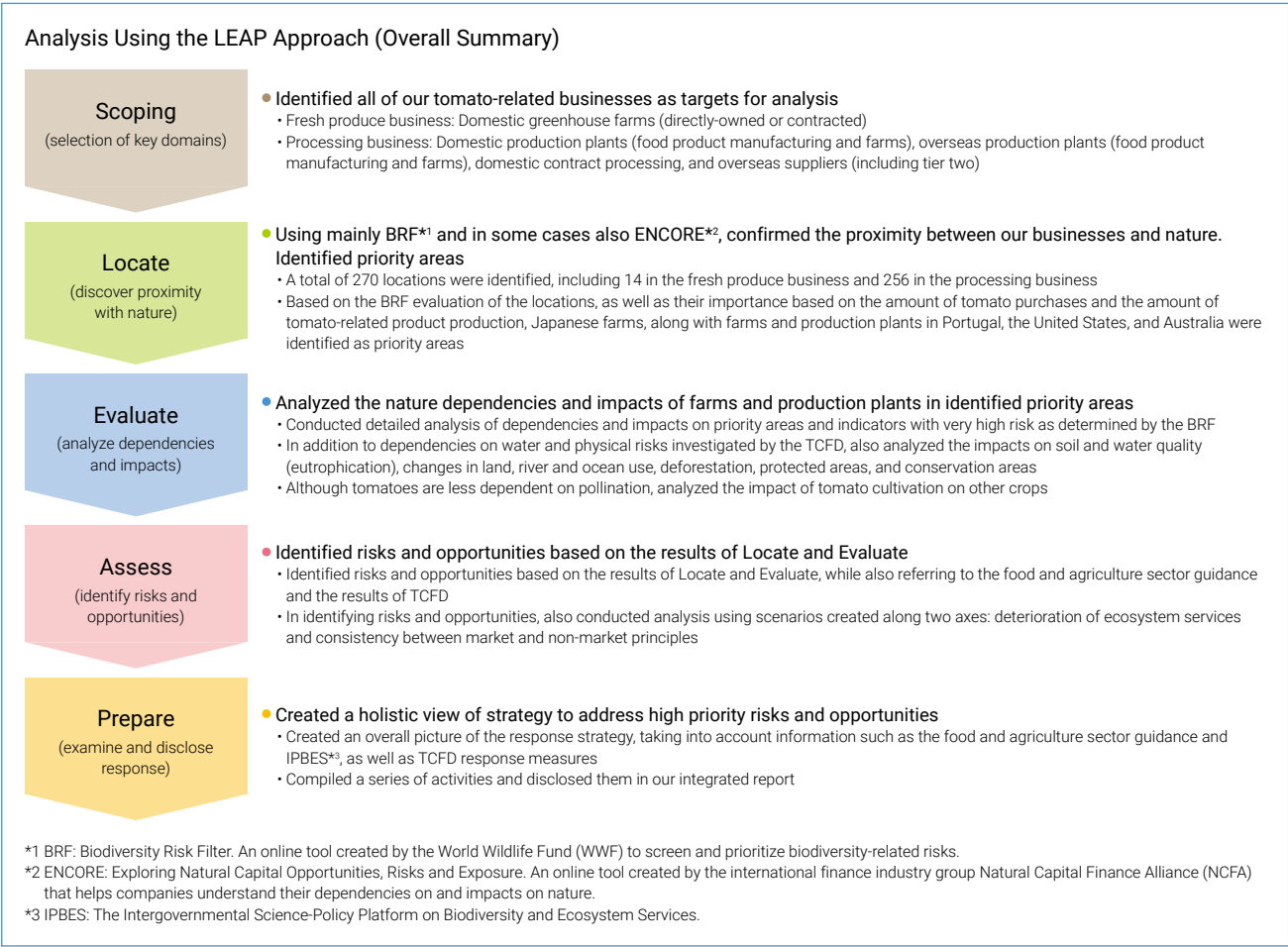
Action 2
Diversify business activities

Establishment of CVC fund for advanced agriculture technology (total investment amount of 50 million US dollars)

Sustainable Global Environment

LEAP approach for nature-related data (TNFD)

The Kagome Group assessed its dependencies and impacts on nature, as well as nature-related risks and opportunities, using the LEAP approach of the TNFD framework, focusing on “tomato-related businesses,” which account for a large portion of the Group’s sales.



Sustainable Global Environment

4 Prepare : Examine and disclose response

Linking the risks and opportunities identified in Assess, we organized our response together with specific details, focusing on the activities currently being implemented.

Furthermore, the results of Locate and Evaluate did not show any significant discrepancies with the knowledge gained from many years of tomato-related initiatives. In light of these results, we reaffirmed the importance of our past activities and will continue to advance them. Additionally, we plan to further consider identifying risks and opportunities by region and developing responses.

Response strategy: In light of the four crises threatening biodiversity in Japan (causes of declining biodiversity), we will expand our activities to conserve and restore nature not only in Japan but also in the surrounding areas of farms in each country in which the Group does business.

Action: We will conserve and restore nature in and around the farms we are involved with in tomato cultivation, as well as in the plants where tomatoes are processed and turned into products and their surrounding areas.

No.	Risks and opportunities linked to	Nature-related response	Examples of activities (at present)
1	Risk no. 4 Opportunity no. 1	Promote efforts to achieve sustainable operations throughout the supply chain in the procurement of raw materials and packaging, and in reducing plastic packaging and food waste	<ul style="list-style-type: none">• Offering of FSC® certified paper containers for beverages• Initiatives in plant-based foods• Initiatives to eliminate the use of plastic straws provided with containers and the use of new petroleum-based plastics• Reduction of plastic usage and switch to recycled or plant-based materials
2	Risk no. 1, 2, 5, 7, 8, 9 and 10 Opportunity no. 2 and 3	Develop, establish and operate optimal tomato cultivation systems (reduce water, fertilizer and pesticide usage, improve tomato varieties, and develop recycling-oriented agriculture)	<ul style="list-style-type: none">• Development of cultivation technology with low environmental impact• Increased development of plant varieties and cultivation technology globally
3	Risk no. 3, 6 and 7 Opportunity no. 3	Support local governments and communities, main-stream biodiversity, support agricultural workers, plant native species, and support conservation activities	<ul style="list-style-type: none">• Activities for development and support of agriculture• Training and mainstreaming activities for biodiversity
4	Linked to all risks and opportunities	<ul style="list-style-type: none">• Planned implementation of biodiversity action plans• Expanded acquisition of third-party certification	<ul style="list-style-type: none">• Acquisition of certifications and involvement in initiatives/organizations

Risk Management

The Kagome Group defines risk as “uncertainties that negatively affect business operations.”

Kagome established the Enterprise Risk Management Committee, chaired by the president and whose secretariat is headed by the CRO, as the body helps to speed up the decision making process in terms of our risk response policy and issues based on priority selection and evaluation. Additionally, the committee oversees risk management activities to prevent and respond to actualized risks from an integrated perspective based on management strategies.

We also recognize climate change risks and nature-related risks as important issues and will integrate and manage them within our enterprise risk management system. The Sustainability Committee and Management Meeting will monitor the progress of risk management and decide on next steps.

Indicators and Targets (Target Year: FY2030)

We aim to improve resilience by utilizing and reflecting the targets and measures in the next mid-term management plan and Kagome Environmental Management Plan (FY2026–2028), which are scheduled to be formulated in FY2025.

Mitigation

- Reduce Scope 1 and 2 greenhouse gas emissions by 42% or more (compared to 2020)
- Reduce Scope 3 greenhouse gas emissions by 13% or more (compared to 2020)
- Recycle PET beverage bottles/Increase the content of plant-based materials to 50% or more
- Eliminate the use of petroleum-derived straws in paper beverage packs

Adaptation

- Improvement of varieties to be more resistant to high temperatures (cultivation technology and variety development): 1 or more cases
- Development of drought-resistant varieties and introduction of water-saving and fertilizer-reducing cultivation technology: 1 or more cases
- Reduce the intensity of water usage at domestic plants by 9% or more (compared to 2021)

* Scope 1: Direct emissions of greenhouse gases from businesses (burning of fuels and industrial processes)
Scope 2: Indirect emissions from the use of electricity, heat, steam supplied by another company
Scope 3: Indirect emissions outside of Scope 1 and Scope 2 (emissions of other companies related to the business’ activities)

(Reference) Kagome Group's Scope 1 and 2 GHG Emissions (t-CO₂e)

		2020	2021	2022	2023
Kagome Co., Ltd. and Group companies in Japan	Scope1	45,295	43,773	41,419	41,739
	Scope2	25,234	22,713	18,810	16,087
	Scope1+2	70,529	66,486	60,229	57,826
Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT) (in Portugal)	Scope1	24,647	27,080	25,639	27,563
	Scope2	4,505	540	0	0
	Scope1+2	29,152	27,620	25,639	27,563
Kagome Australia Pty Ltd. (in Australia)	Scope1	18,923	19,046	18,551	14,045
	Scope2	11,167	9,491	10,262	7,844
	Scope1+2	30,090	28,537	28,813	21,889
Kagome Inc. (in United States)	Scope1	4,701	5,390	4,925	4,875
	Scope2	4,927	5,518	5,600	5,456
	Scope1+2	9,627	10,908	10,525	10,331
Vegitalia S.p.A. (in Italy)	Scope1	607	794	952	1,164
	Scope2	1,069	1,187	1,140	1,551
	Scope1+2	1,676	1,981	2,092	2,715
Taiwan Kagome Co., Ltd. (in Taiwan)	Scope1	777	969	1,010	1,256
	Scope2	1,672	1,845	1,901	1,963
	Scope1+2	2,450	2,815	2,911	3,219
Total	Scope1	94,949	97,052	92,496	90,642
	Scope2	48,574	41,294	37,713	32,901
	Scope1+2	143,524	138,346	130,208	123,543

(Reference) Kagome Group's Scope 3 GHG Emissions

	2020	2021	2022	2023	
	Emissions (t-CO ₂ e)				Ratio (%)
(1) Purchased goods and services	1,078,720	1,141,154	1,101,317	854,064	78.0
(2) Capital goods	27,333	43,735	25,177	23,551	2.2
(3) Fuel- and energy-related activities not included in Scope 1 or Scope 2	27,904	26,151	26,302	29,837	2.7
(4) Upstream transportation and distribution	52,974	51,038	50,293	46,646	4.3
(5) Waste generated in operations	5,031	12,848	11,328	13,495	1.2
(6) Business travel	349	367	367	383	0.0
(7) Employee commuting	1,196	1,257	1,253	1,307	0.1
(8) Upstream leased assets	606	563	533	449	0.0
(9) Downstream transportation and distribution	65,706	74,946	72,521	69,477	6.3
(10) Processing of sold products	37,002	42,670	41,827	40,203	3.7
(11) Use of sold products	-	-	-	-	-
(12) End-of-life treatment of sold products	16,381	17,640	16,109	15,782	1.4
(13) Downstream leased assets	2,038	262	119	54	0.0
(14) Franchises	-	-	-	-	-
(15) Investments	-	-	-	-	-
Total	1,315,239	1,412,630	1,347,148	1,095,248	100

* The main reason for the decrease is a partial change in the intensity of Category 1. We plan to recalculate GHG emissions for the base year of 2020 in the future.
* Category 11 is not included in the calculation, and categories 14 and 15 are not applicable because the Company does not engage in franchise or investment businesses.
* Data for 2024 will be updated on our corporate website.
* Emissions data, including that for Ingomar, will be disclosed on our sustainability website in FY2025.

Quality and Environmental Policy

We are devoting the same enthusiasm we have put into our manufacturing into environmental conservation activities. Given this, we established the Quality and Environmental Policy that integrates our management intent to achieve a sustainable society.

- 1

We contribute to the longevity and good health of people, which is important to us by providing the flavor and health value of vegetables.
- 2

We grow safe agricultural raw materials consistently from seeds and fields by collaborating with our partners in Japan and abroad.
- 3

We protect water, soil and air that nurture vegetables, maintain agriculture that fosters rich nature for the future, and effectively use the benefits acquired.
- 4

We deliver safe, environmentally-friendly products by complying with laws, regulations and in-house standards and continuing to improve our systems and activities.
- 5

We apply customers' feedback to our corporate activities while communicating the reliability of our products and services.

Prevention of Global Warming

The Kagome Group procures safe raw materials and engages in manufacturing that makes use of the bounty of nature. For this reason, we recognize that an interruption in the procurement of raw materials is the greatest risk facing its business operations. Extreme weather such as large typhoons and storms resulting from global warming cause great damage to raw materials production areas. In order to avoid this risk and continue our business activities into the future, we are taking the lead in implementing the Paris Agreement* and are actively working to reduce greenhouse gas emissions.

* Paris Agreement: An international agreement on climate change mitigation adopted at COP21 on December 12, 2015.

Demand response through the use of storage battery systems

The use of electricity generated from renewable energy sources is gaining traction around the world as a way to combat global warming.

As the adoption of solar power generation continues to expand as a major source of renewable energy, Kagome has also been actively introducing solar power solutions since 2021.

On the other hand, as solar power generation has become more widespread, there has been a tendency for electricity to be oversupplied during the daytime, requiring electricity users to adjust demand.

Therefore, we introduced a storage battery system at the Fujimi Plant, which focuses on communicating its environmental commitment, in September 2024 to further expand solar power generation. At the same time, we have been preparing for demand adjustments (the solar power generation rate at this plant has increased to approximately 30% of total electricity demand). Additionally, we have been working with new power suppliers to conduct demonstrations of demand response (DR) at our Ibaraki and Nasu plants. From 2025 onwards, we will work to realize DR and establish virtual power plants (VPPs*) that utilize storage batteries, thereby contributing further to the reduction of greenhouse gas emissions.

* VPP: Optimizing the balance of power supply and demand by using IT technology to control small-scale energy resources such as solar power generation and storage batteries.

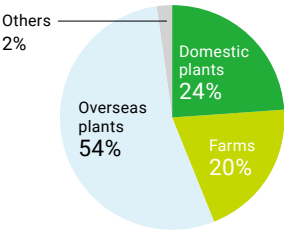
To learn more about our efforts to prevent global warming, visit the link below.
<https://www.kagome.co.jp/company/sustainability/global-environment/02.html>

Effective Utilization of Resources

In support of SDG 12, Kagome has set targets and is working to reduce food loss and waste. Additionally, as part of our efforts to reduce our environmental impact, we established the Kagome Policy on Plastics in 2020 to advance efforts toward reduction of plastic usage.

To learn more about our efforts for the effective utilization of resources, visit the link below.
<https://www.kagome.co.jp/company/sustainability/global-environment/03.html>

Breakdown of Kagome Group's Greenhouse Gas Emissions (FY2024)



* Ingomar is not included in FY2024 data. Emissions data, including Ingomar, will be disclosed on our sustainability website in FY2025.



Storage battery system at the Fujimi Plant

Water Conservation

The Kagome Group consumes water in the cultivation of crops used as raw materials for its products and consumes a large amount of water during the processing stage. Japan is said to be relatively rich in water, but there are areas in the world where water shortages are serious. The Kagome Group is promoting the sustainable use of water in each region to protect water resources in the regions where we operate.

Response to water risk

Example of Ingomar in the United States

• Providing recycled water from tomatoes to the local community

The areas surrounding Ingomar, a consolidated subsidiary of Kagome, are experiencing groundwater depletion and water supply restrictions during droughts. Starting in August 2022, Ingomar began collecting and treating evaporated condensed water that was previously discarded when condensing tomatoes, and reusing it as botanical water derived from plants.

In 2022, Ingomar provided 1.2 million liters of this water to the Central California Irrigation District (CCID), and in 2023 the company received permission from the California Department of Public Health (CDPH) to sell this plant-derived water.



To learn more about our water conservation efforts, visit the link below.
<https://www.kagome.co.jp/company/sustainability/global-environment/04.html>

Sustainable Agriculture

Since its founding, Kagome conducts business utilizing nature's bounty brought to us by agriculture. In order for our business activities to continue into the future, Kagome has formulated the Kagome Group Biodiversity Policy in striving to conserve biodiversity in various situations within our business.

To learn more about the Kagome's initiatives for sustainable agriculture, visit the link below.
<https://www.kagome.co.jp/company/sustainability/global-environment/05.html>

Reducing the risks of pesticides with natural predators

In response to the global movement to reduce the risks posed by pesticides, Kagome has adopted IPM* cultivation methods and is working to establish technology that utilizes natural insect predators to reduce tomato pests and pesticide use.

* IPM stands for integrated pest management, which does not rely on chemical pesticides alone.



A Syrphinae, a natural predator of aphids (pests)

Native plant restoration and biodiversity education

At Kagome Yasai Seikatsu Farm Fujimi, we are working to restore the local flora by planting approximately 10,000 native plants on the land there. The farm also allows visitors to learn about living things and biodiversity, such as a scavenger hunt about creatures on the farm and a demonstration garden of native plants.



Elementary school students taking part in a scavenger hunt

In 2024, Kagome was selected for the first time as an A List Company, the highest rating in CDP Climate Change, a corporate survey on climate change initiatives by CDP, an environmental non-profit organization influential internationally.



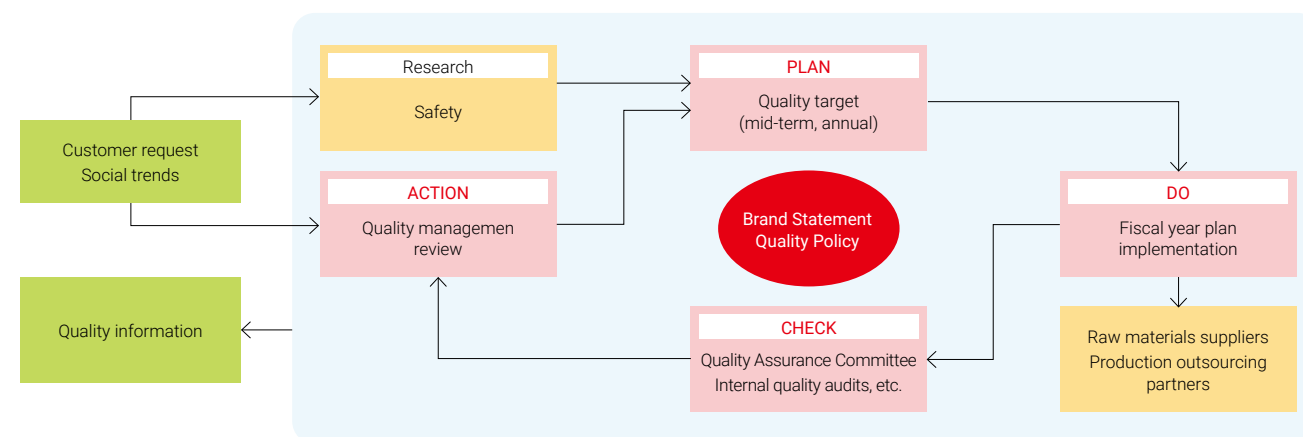
Product Safety and Security

Based on the belief that fields are the primary production plant, we strive to provide safe and high quality products starting with initiatives on vegetable seeds and soil creation. We have established a quality assurance system to guarantee this fundamental quality while also rolling out the system at overseas Group companies.



Kagome's Quality Management System (KQMS)

Kagome believes in Quality First, Profit Second. This means that we equally value the provision of safe and secure quality products to consumers and the creation of profits. In conjunction with this, we are always making company-wide efforts to improve quality. As a system to guarantee quality, we have established our own proprietary quality management system called Kagome Quality Management System (KQMS) in compliance with ISO 9001 standards. Our quality activities span from design and development to procurement, production, logistics, and sales.



Safety Management from Field to Product

Initiatives for food defense

In order to prevent intentional mixing of contaminants or chemicals in Japan, we conduct risk assessments on food defense and implement controls based on the results. In addition to installing security cameras, upgrading locking systems and promoting communication among employees at its own plants, Kagome also requests the plants of production outsourcing partners to comply with its management guidelines.

Initiatives in response to radioactive materials

For domestically produced raw materials used in our products, we check the status of monitoring of radioactive materials by the government and conduct voluntary inspections as necessary to confirm safety.

Initiatives to address residual pesticides

We analyze raw materials for residual pesticides in order to confirm their safety. We have acquired ISO 17025 certification, which

certifies our ability as a testing and analysis institution, as we strive to further enhance the precision of our analysis.

Initiatives for fostering a food safety culture

We are working to foster a food safety culture so that each and every one of us can take the right action in accordance with the rules set forth in KQMS. At our manufacturing plants, we conduct assessments and reviews to flag potential food safety issues.

Establishment of Kagome Quality Day

We have designated September 1st as Kagome Quality Day to learn from past failures and reaffirm our commitment to Quality First. To ensure that customers continue to place trust in the Kagome brand, we are promoting efforts to have all employees of the Kagome Group reaffirm their commitment to and recognize the importance of quality.

Quality Management and Quality Assurance System Shared with Overseas Group Companies

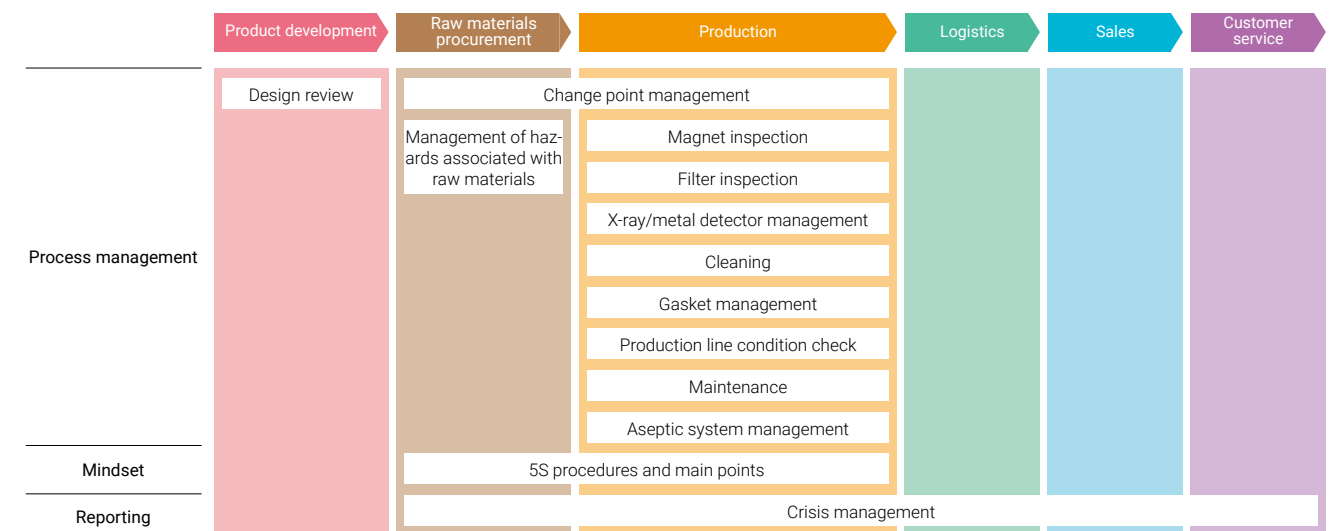
In 2016, we established the Global Quality Assurance Department (located in Tokyo) within the International Business Division. This department formulated Group-wide quality management standards known as KBMP for overseas Group companies, and it continues working to roll out these standards to overseas Group companies. In addition to quality assurance, it is working to increase the quality assurance level and boost productivity of the entire Group by identifying, sharing cross-functionally, and utilizing the outcomes of environmental themes and technical themes, such as cost reductions being pursued at each Group company. The department is also actively working to reduce greenhouse gas emissions and conserve water resources in our overseas businesses.

Roll-Out of a Common Global Quality Management Standard (KBMP) at Overseas Group Companies and Audit-Based Verification and Improvement

The main focus of the KBMP roll-out is not simply to impose our approach in Japan on other regions, but rather to share examples of improvements at overseas Group companies through the Global Quality Assurance Meeting and to foster mutual awareness toward improving quality. In the early days of KBMP introduction, we rolled out our approach and technologies related to foreign contaminants to overseas Group companies and worked to improve the level of quality control. Next, we developed activities to prevent quality accidents attributed to product design and common rules for response manuals based on quality incident scenarios. The entrenchment of KBMP has improved quality of the entire Kagome Group in each process, from design to sales.

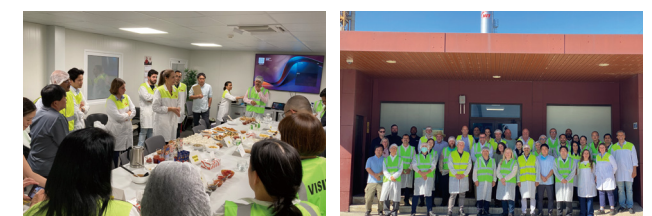
KBMP is incorporated not only in existing manufacturing facilities but also in new plants and newly introduced manufacturing equipment from the design stage.

Coverage of Common Quality Management Standard for Overseas Group Companies (KBMP)



Entrenchment of Global Quality Assurance Activities

We are working to further strengthen our quality assurance foundation by sharing the good practices and examples of past failures of each Group company. The Groupwide Quality Assurance Meeting is held once every two years. In November 2022, face-to-face meetings resumed for the first time in three years. Senior management and quality assurance and manufacturing managers from Group companies gather to share case studies and discuss such matters as quality, production, 5S, safety, and sustainability initiatives. In these workshops, we not only aim to improve the quality mindset of each Group company, but also to determine how to proceed with common initiatives such as improving manufacturing efficiency, energy conservation, and environmental conservation activities as Groupwide issues. In 2024, the meeting was held in November in Portugal, where HIT is located. Participants came from seven countries, including Ingomar in the United States, which joined the Kagome Group in January 2024. Through active exchange of opinions on topics such as quality assurance, manufacturing facilities, environmental conservation, and product development, each company was able to set its own future action plans.



Global Quality Assurance Meeting held November 5 to 7, 2024 in Portugal

Respecting Diversity and Expanding Human Capital

New value creation combining various forms of knowledge is essential to achieving sustainable growth. We are focusing on three measures to increase job satisfaction and ways to foster a sound corporate culture, which will lead to the creation of innovation.

Relevant SDGs



Increasing Job Satisfaction and Creating Innovation

The creation of new value through the combination of diverse knowledge requires the autonomous growth of each individual who works at Kagome. “Job satisfaction” provides the energy that encourages this autonomous growth.

We will focus on creating a culture of taking on challenges with three personnel measures to improve the job satisfaction of each and every worker, which will lead to the creation of innovation.

Monitoring of job satisfaction

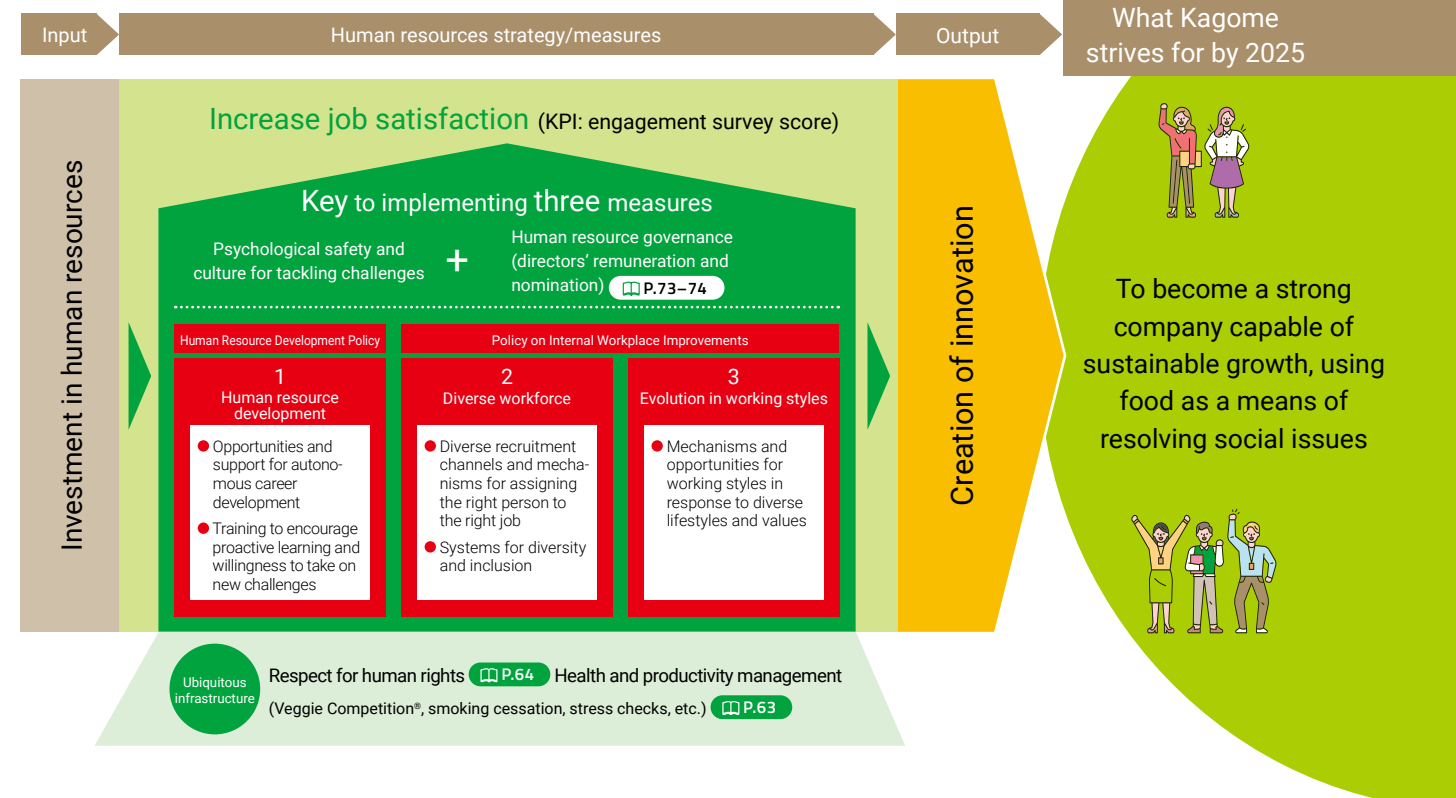
Since 2021, we have conducted an engagement survey (Wevox: a tool for measuring and supporting employee engagement provided by Atræ, Inc.) targeting all employees to monitor job satisfaction.

Our target is to achieve an engagement survey score within the top 20% of peer companies by 2025.

We analyze the results of the survey annually by item and department to identify themes for increasing job satisfaction and implement countermeasures. Since starting the survey, the overall score has been increasing slightly. To further improve our score and achieve our targets, we will not only implement measures from a company-wide perspective, but also develop strategic initiatives in cooperation with each department. Currently, there are variations in overall scores among departments (maximum difference: 12 points as of the 2023 survey), and we are deploying measures in line with the characteristics of each department and the actual situation to reduce this difference

□ P.62

Human Resources Strategy Aimed at What Kagome Strives for by 2025



Instilling psychological safety

Kagome focuses on instilling psychological safety from the perspectives of creating innovation through diversity and inclusion and addressing risk management. As part of these activities, in 2024, as a measure to instill psychological safety, the Diversity Committee, a bottom-up organization made up of volunteers from each workplace, held a presentation and talk session with an external guest on the topic of enjoying challenges and tips for working happily and in your own way. Other activities included a Thank You Badge Campaign to convey small expressions of gratitude, a dialogue program for better team building to support workplace relations through engagement, and a Circle Time, where the president met with employees to exchange frank opinions. In addition, we are expanding training and evaluation measures for managerial positions to accelerate efforts to improve psychological safety in each organization. □ P.62

Measures to Improve Psychological Safety

Target	Activities in 2024	Contents
For organizations	Dialogue program for better team building	Organizational development program to instill psychological safety in the workplace and in teams through dialogue
For managerial positions	Management training for all managerial positions	Training is provided on the topics of improving psychological safety and promoting organizational and human resources development
	360-degree feedback	Feedback on management behavior is provided annually by superiors, colleagues, and subordinates for all managers.
	Evaluation system for organization and human resource development processes	A system to show evaluation criteria for the initiatives of managerial positions in creating an organizational culture
For all employees	Diversity Day 2024	A presentation and talk session held by an external guest on the topic of instilling psychological safety
	Circle Event for promoting the active roles of employees with disabilities	A game-style workshop held to improve psychological safety and promote the active participation of employees with disabilities
	Circle Time	Hosted by the president as a place for flat dialogue between top management and employees
	Thank You Badge Campaign	A campaign in which all employees participate in conveying messages of gratitude to each other inside and outside the organization through internal social media

Thank You Badge Campaign

We held the Thank You Badge Campaign in May and November with the aim of improving psychological safety by expressing gratitude. The campaign involved sending two types of thank you badges online, labeled “Thank You” and “WoW.” In May, approximately 900 employees sent thank you badges, with 70% of the badges being sent to another organizations than their own.



Three Measures: ① Human Resource Development

Through human resource development, Kagome aims to become a group of human resources that can develop the diverse strengths of individuals and utilize them as a team to bring about innovation and contribute to social issues. With human resource development, we aim to create a strong Kagome that continues to create value quickly even in environments of intense change and innovates in many areas, by becoming a diverse group of human resources in terms of careers and abilities and by realizing an organizational culture that achieves results as a team.

In order to become a group of human resources that contributes to social issues, we clearly present the roles and job duties expected of each employee as grade requirements for role grades and evaluation items for job behavior, and provide challenging work tasks and educational opportunities that will lead to growth in anticipation of each higher grade.

In order for individuals to discover and develop their diverse strengths and to enable each individual to work with a higher degree of autonomy, we provide a variety of opportunities for raising awareness and education from three perspectives (career development, skill development, and organizational culture development). Recently, we have been focusing on creating an organization that can utilize the diverse strengths of individuals as a team, help improve job satisfaction and psychological safety, and achieve results as a team.

Toward the realization of our vision of “from a tomato company to a vegetable company,” we are implementing unique initiatives, including Vegetable Maestro Certification and Vegetable Teacher to train and develop employees who can convey the appeal of vegetables as evangelists.

In addition, we continue to work on the development of digital human resources. We intend to improve digital skills through training and experience solving problems using IT in an open manner, and to increase the number of human resources who can apply these skills to work and business to 20% of all employees by 2025. In this manner, we aim to achieve a state in which each and every one of us can achieve growth based on the company's requests and based on our own individuality (identity).

► Strengthen Foundation for Value Creation—Response to Materiality

Respecting Diversity and Expanding Human Capital

Three Measures: 2 Diverse Workforce

The Kagome Group believes that it is important for employees to embrace each other’s diverse values and to maximize their abilities without discrimination based on nationality, ethnicity, race, creed, ideology, religion, gender, gender identity, sexual orientation, disability, age, or social status.

In addition, we are working to promote diversity and inclusion as one of our management strategies to become a strong company that can grow in a sustainable manner. We place emphasis on ensuring psychological safety in our organizations, and strive to create innovation by utilizing the diverse thinking and experiences of each and every employee.

In terms of women’s empowerment, Kagome has set a target of increasing the percentage of female employees in all positions from employee to executive officer to 50% by around 2040 as a long-term vision.

As for recruitment, we will secure a diverse workforce by combining diverse recruiting channels and departments for assignment. We widely open the door to mid-career recruitment to strengthen our foundation of human resources for becoming a vegetable company. We will develop core human resources by increasing the allocation of mid-career hiring to around 20 to 30% of total hires.

Also, we will create opportunities for our people to utilize their skill sets based on their own unique experiences and knowledge. In April 2023, as a way to create a workplace where seniors can actively participate, we changed the contract formats available in our reemployment system and now employees can extend their contract up to the age of 70. Seniors over the age of 65 are also active in many of our workplaces.

Three Measures: 3 Evolution in Working Styles

Developing employee-friendly systems

We are developing systems that enable even more diverse working styles by easing restrictions placed on where and when work is performed based on employees’ changing values and needs when it comes to their job (childcare or family care obligations or households where both spouses are working).

Expanding elective working styles

We are looking to provide opportunities for employees to work beyond the boundary of their own organization through the secondary job scheme and cross-boundary learning* in order to connect diverse experiences and opportunities to innovation. Additionally, we have an autonomous learning program system that allows employees to develop their skills and careers more independently than ever before. We will continue to expand career development opportunities that go beyond one’s current line of work.

* Cross-boundary learning: Gaining new perspectives by leaving your usual company or workplace and experiencing work in a completely different environment.

Governance System

We established the Human Resources Development Committee, which is comprised of internal executive management, and the Remuneration and Nomination Advisory Committee, which is also composed of internal executive management as well as external directors, as specialized meeting bodies that involve deliberation and decision-making by executive management related to human capital. These meeting bodies carefully examine and verify the development of human resources and working environment that enable our diverse workforce to play an active role, and the appropriate compensation of management personnel.

The Human Resources Development Committee, chaired by the President & Representative Director, is a deliberative and decision-making body comprised of executive management related to human resources and organizations. It meets at least once a month to deliberate on a wide range of matters, i.e., transfers, assignments, promotions, mid-career recruitment, and organizational restructuring, from positions in charge to officers.

The Remuneration and Nomination Advisory Committee is an advisory body to the Board of Directors for strengthening the independence, objectivity, and accountability of the functions of the Board of Directors related to the remuneration of directors and executive officers and the nomination of directors. It regularly conducts deliberations on officer personnel and compensation. In addition, the Remuneration and Nomination Advisory Committee is systematically working to develop and produce the next generation of executive management who will lead Kagome’s sustainable management and growth as an important management-led issue.

Starting with the Human Resources Development Committee’s deliberations on human resources strategies and a wide range of areas related to human resources and organizations, the Human Resources Development Committee makes decisions, the Management Meetings further deliberate and make decisions, and the Board of Directors makes decisions after deliberations by the Remuneration and Nomination Advisory Committee. Depending on the importance of the content and the degree of impact both inside and outside the company, deliberations are held in stages to ensure appropriate governance.

The Human Resources and General Affairs Division Director is a member of the Human Resources Development Committee and the Remuneration and Nomination Advisory Committee, and is mainly responsible for making recommendations.

Environmental Improvements for Evolution in Working Styles	
FY introduced	System
2019	Flex time system Telecommuting system Secondary job scheme
2020	Elimination of core time in flex time system
2021	Utilization of family care leave in hourly increments Telecommuting stipend
2023, 2024	Expanded support for job transfers involving relocation and single-person transfers



Indicators and Targets

Strategy	Indicator		2021 Results	2022 Results	2023 Results	2024 Results	Target
Job satisfaction	Engagement survey score		70	70	72	72	76 Engagement score within the top 20% of peer companies
	Psychological safety penetration rate score* ¹		67	71	72	73	—
Human resource development	Number of career interviews* ² (persons)		610	645	561	316	—
	Growth opportunities score* ³		67	67	68	68	—
Diverse workforce	Ratio of women in new general career track hires out of university		58.0%	71.0%	54.5%	61.5%	60% or higher
	Percentage of women in managerial positions		7.4%	8.4%	9.6%	11.1%	12% by 2026
	Situation of women remaining on the job within 10 years of joining the company (compared to men)		1.0	1.0	1.0	1.0 (estimate)	1.0 or higher compared to men
	Breakdown of general career track positions		30.8%	27.9%	29.8%	29.1%	—
	Percentage of men taking childcare leave General career track/ Technical track	General career track	62.0%	75.6%	65.6%	94.3%	42% or higher (average for 2019 to 2021)
		Technical track	64.3%	84.6%	81.8%	100.0%	—
	Gender pay gap* ⁴ (The percentage of women's pay to men's)	Total workers	66.2%	65.4%	68.3%	69.6%	—
		Permanent employees	68.6%	67.3%	70.5%	71.5%	—
		Part-time and fixed-term contract employees	87.8%	87.6%	86.6%	89.3%	—
Evolution in working styles	Paid leave utilization rate* ⁵		85.0%	86.4%	83.4%	81.7% (estimate)	—
	Total working hours (hours/year)		1,867	1,896	1,895	1,894	—

*1 Score on in-house survey on psychological safety

*2 Changed from format up to FY2023 in which the company makes inquiries to employees to one that is mainly based on employee requests from FY2024.

*3 Score of questions concerning "growth opportunities" within the engagement survey

*4 For supplementary explanations on appended matters and pay gap, see our website. (Japanese only)

<https://www.kagome.co.jp/company/sustainability/data/>

*5 Annual paid leave utilization rate is calculated from April to March of the following year. Results for 2024 are estimated as of December 2024.

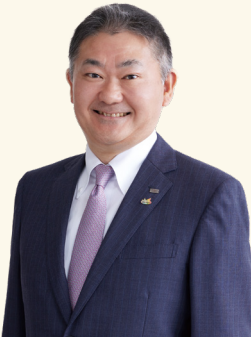
Message

We will swiftly implement a human resource strategy that will ensure growth over the next decade

Since 2016, we have been making efforts toward work style reforms and expansion of work options in response to diversifying values. As part of work style reforms, we have promoted work efficiency, including digital transformation, or DX. As a result, the average total working hours across the Group fell to the 1,800 hour range. In addition, we have promoted telecommuting and flextime, and introduced regional cards that allow employees to choose the region in which they work for a limited period of time. These programs increase flexibility in work styles by expanding the options available to employees, resulting in significant improvements in both efforts. In our third Mid-Term Management Plan, which began in 2022, we began efforts, which are still underway, to improve job satisfaction. This has included introducing engagement surveys and promoting psychological safety.

We anticipate that employee values and views on work will become even more diverse in the future. To realize our new Mid-term Management Plan starting in 2026 and Vision 2035, we need human resources to take on the challenge of creating new value. It is also important that each individual is highly motivated and develops their own career path while respecting each other. To that end, we will formulate and swiftly implement a human resource strategy for the next decade that will cover all areas of human resource management within the Kagome Group, including fundamental revisions to our personnel system that we are now exploring.

Profile
Joji Kawahara
Executive Officer
Human Resources and General Affairs
Division Director



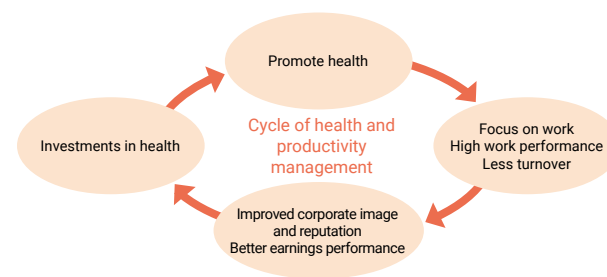
► Strengthen Foundation for Value Creation—Response to Materiality

Respecting Diversity and Expanding Human Capital

Kagome's Health and Productivity Management Elevating Brand Value

Health and productivity management involves thinking about employee health management from a management perspective, implementing it strategically, and creating competitive advantages.

We believe that investing in the health of our employees will rejuvenate the organization, increasing employee vitality and productivity, and ultimately leading to enhanced corporate value.



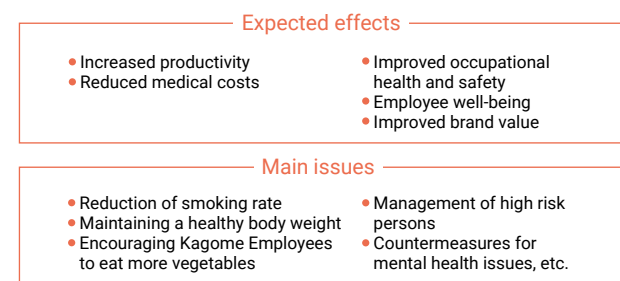
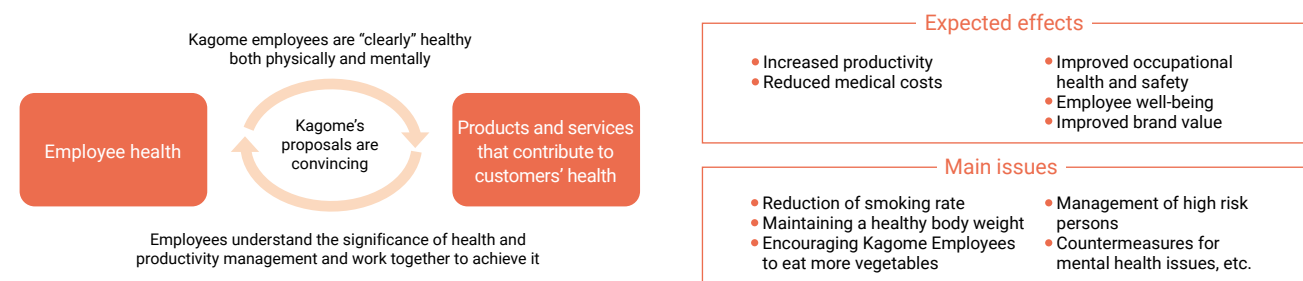
The Importance of Kagome's Health and Productivity Management Initiatives

As Kagome develops its products and services that improve the well-being of its customers, the physical and mental well-being of each employee makes our business more convincing and also helps to bolster brand value.

Our ability to utilize resources such as vegetable beverages and other products, the health services business, research outcomes, and the "Let's Eat Vegetables" campaign, as well as affinity with the corporate culture of valuing people, which has long been a management concern, represent the unique value proposition of Kagome's health and productivity management that is simply not found at other companies.

Kagome's Health and Productivity Management

We recommend that employees consume 350 g of vegetables every day for their physical and mental health. As an indicator for this target, we ask employees to regularly measure their own VegeCheck® score to encourage them to change their behavior toward vegetable consumption. We launched an in-house website where the measured employee VegeCheck® scores are consolidated and automatically aggregated in an internal database using a dedicated app, where employees can check the percentage of measurements by organization and changes in VegeCheck® score. We are also taking various other steps to address employee health-related issues.



Certified Health and Productivity Management Organization 2024 Large Enterprise Category; White 500

In 2017, we established Kagome's 7 Points for Good Health, and made the Kagome Health and Productivity Management Pledge. In March 2024, we were recognized under the Certified Health and Productivity Management Organization (large enterprise category; White 500) 2024 program administered by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi. In December 2023, we were given the highest rank by the Development Bank of Japan (DBJ) under its DBJ Employees' Health Management Rating. Going forward, we will continue to promote health and productivity management measures in accordance with the purpose of the Health & Productivity Management Organization Certification System to further improve the health and job satisfaction of our people and contribute to the health of our customers.



► Strengthen Foundation for Value Creation—Response to Materiality

Respect for Human Rights

We established the Kagome Group Human Rights Policy based on international norms on human rights, and we are now working to share its approach and activities within the Group and to address human rights risks in business.



Relevant SDGs



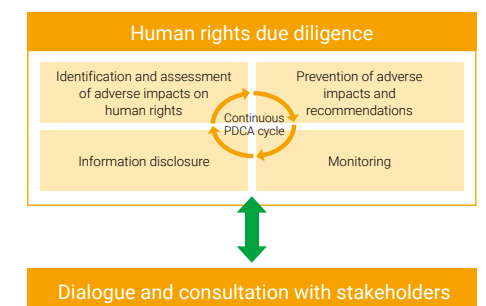
Approach to Human Rights

We believe that respecting the fundamental human rights of the people involved in our business activities and the people in the countries and regions in which we operate is the responsibility of the Kagome Group as we put our corporate philosophy into practice. We have established the Kagome Group Human Rights Policy as a guideline for fulfilling this responsibility to respect human rights, and we will advance activities in accordance with this policy. This policy has been approved by the Management Meeting and reported to the Board of Directors.

To learn more about the Kagome Group Human Rights Policy, visit the link below.
<https://www.kagome.co.jp/company/sustainability/humancapital/06/>

Human rights due diligence

In FY2024, we conducted a human rights risk assessment covering each country where we operate and each area from where we procure raw materials in order to identify any adverse impacts on human rights. Additionally, with the support of external experts, we held workshops to deepen our understanding of global trends in business and human rights and to identify potential human rights risks related to our business activities. After holistically assessing these results, we identified two human rights themes as priority issues: issues of foreign workers in Japan and issues of workers at overseas suppliers and business locations. Going forward, based on the identified themes, we plan to continue to work toward minimizing human rights risks, taking into consideration the magnitude of the impact on our business activities and the feasibility of engaging in direct dialogue with rights holders.



Procure Materials in an Environmentally and Socially Responsible and Sustainable Manner

To fulfill our social responsibilities in supply chains, we established the Kagome CSR Procurement Policy and the Kagome Supplier CSR Actions Guidelines. These stipulate matters that must be observed in consideration of the environment and human rights, and we explain these documents to all suppliers to ensure that they are aware of them. We also use supplier self-check sheets and conduct on-site visits to encourage supplier understanding and awareness, and to identify risk locations and take steps to make improvements.

In FY2023, we asked our production contractors, greenhouse farms, and overseas raw material suppliers to conduct self-checks on compliance with the Supplier CSR Actions Guidelines. Based on the results, we provide feedback to each supplier and take steps toward improvement. In FY2024, the scope of the self-checks were expanded to include suppliers of raw materials for processed tomato products in Japan, which are upstream in the supply chain. In conjunction with implementing human rights due diligence, we are working to achieve responsible procurement.

To learn more about the Kagome CSR Procurement Policy and the Kagome Supplier CSR Actions Guidelines, visit the link below.
<https://www.kagome.co.jp/english/csr/supplier/>
https://www.kagome.co.jp/english/csr/supplier/pdf/kagome_supplier_csr_actions_guidelines.pdf

In-House Activities to Raise Awareness

In order to deepen understanding of the Kagome Group Human Rights Policy and respect for human rights, we have taken such actions as holding lectures on the theme of "Business and Human Rights" for employees and organizing study sessions with external human rights experts for executives and members of the Sustainability Committee. By continuously implementing these measures, we are promoting actions to disseminate the Kagome Group Human Rights Policy and reduce human rights risks.

To learn more about our in-house activities to raise awareness, visit the link below.
<https://www.kagome.co.jp/company/sustainability/humancapital/06/>

► Strengthen Foundation for Value Creation—Response to Materiality

Establishing a Sustainable Supply Chain

We are working to optimize the entire supply chain in order to respond to risks such as climate change, water shortages, labor shortages and soaring raw materials prices so that we can continuously deliver products to our customers.

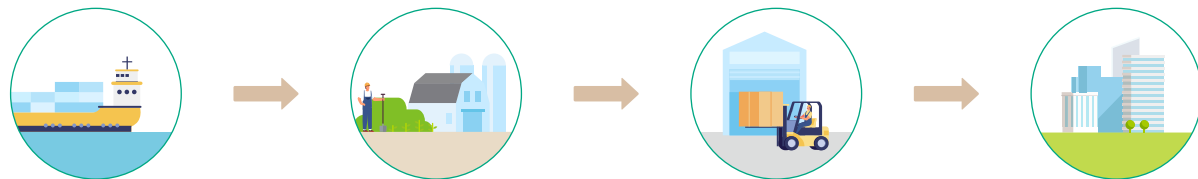


Relevant SDGs



Logistics Environment Unique to Kagome Seamlessly Connecting the Supply Chain

For Kagome, which delivers products made from the bounty of nature, it is essential for business continuity to maintain the flow of goods, from the transport of raw materials from fields around the world to the customer's table. Below is an illustration of Kagome's unique supply chain.



Procurement bases

Receive agricultural produce from around the world

The Kagome Group has procurement bases around the world. Raw materials exported from overseas procurement bases arrive in Japan after a long journey and are transported to domestic plants. After the products manufactured in the plant are shipped out, they are delivered to customers through the involvement of many people, including distribution warehouses, wholesalers, and retail stores. The length of this supply chain is a major characteristic, and the complexity of control within the supply chain poses a structural challenge.

Plants

Close to production areas, far from consumption areas

We have constructed our domestic plants near the production areas of processing tomatoes. These locations are based on Kagome's idea of manufacturing, which is that "fields are the primary production plant." In logistics, the distance between highway interchanges and major highways makes the transportation distance from our plants to consumption areas longer than that of other food manufacturers.

Logistics centers

More than 1,000 products Multiple temperature zones

Kagome sells more than 1,000 products that fall under three temperature ranges: room temperature for condiments and PET bottled beverages, refrigeration for home-packed beverages and lactic acid bacteria beverages, and freezing for institutional and industrial use products. Each temperature zone requires a storage location, transport method, and personnel, and management is also complicated. Developing a wide range of items is Kagome's strength, and at the same time, its management in logistics is widespread.

Customers

Diverse sales channels

Diversified sales channels are also one of Kagome's unique traits. In direct marketing, or D2C, products are distributed without going through wholesalers and retail stores. The SCM Division plans and constantly updates the optimal logistics route according to the delivery destination. Products are then delivered through F-LINE Corp.*

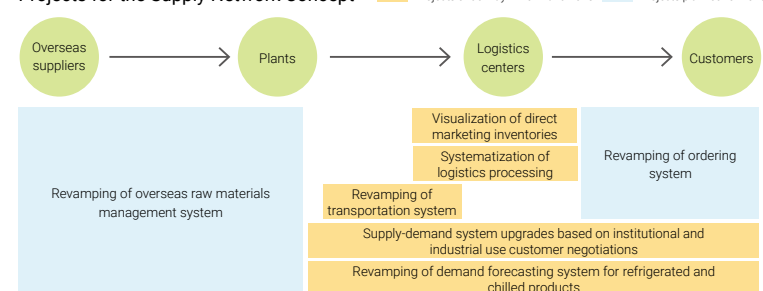
* **F-LINE Corp.** : A joint logistics company jointly established by five food manufacturers in April 2019 with the aim of realizing an efficient and stable logistics system. F-LINE Corp. is working together with food manufacturers in order to solve various issues in food logistics.

CASE

Working towards information synchronization and optimization throughout the entire supply chain, from upstream to downstream

Raising the efficiency of logistics, a source of higher costs worldwide, has become a major management issue. Kagome is working to crystallize a supply network concept that will enable it to select the optimal procurement-production-sales supply chain network for stable supply through data synchronization and optimization across the entire supply chain.

Projects for the Supply Network Concept



Kagome's Most Recent Initiatives in the Supply Chain

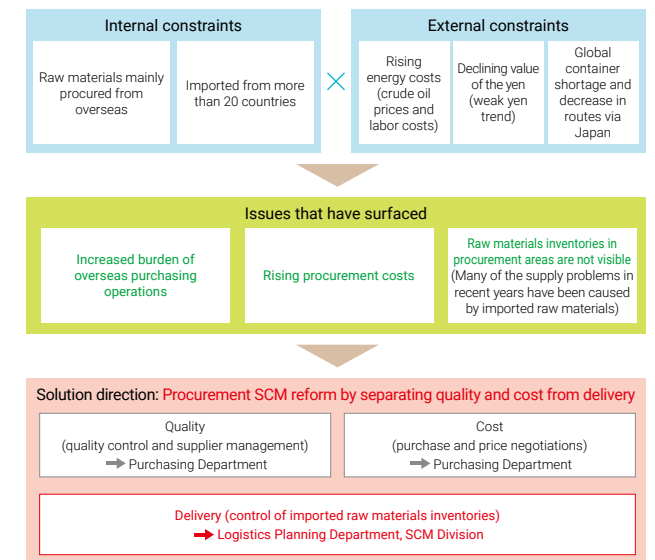
1 Initiatives for overseas supply chains: Procurement SCM Reform Project

Many of the raw materials procured for our Domestic Processed Food Business are imported from agricultural producing regions outside of Japan. Procuring a wide variety of raw materials from production areas around the world has enabled us to meet the diverse needs of the domestic market and consumers.

However, due to recent changes in the business environment, labor costs and all other costs are on the rise globally, making it difficult to maintain our strengths in terms of raw materials procurement network from around the world and diverse raw materials mix.

In response to these environmental changes, we launched the Procurement SCM Reform Project in the spring of 2024, and as part of this, the Logistics Planning Department began implementing and promoting SCM control operations for imported raw materials in October 2024.

Ultimately, through the supply network concept described previously, we aim to gradually operate an advanced information system for SCM control operations for imported raw materials.



2 Initiatives for domestic supply chains: Driver appreciation event

The 2024 Problem* has become a concern for many companies in Japan's logistics industry, and the extent and depth of its impact has been covered widely in the media. Kagome would not be able to ensure a stable supply of products without the support of various logistics companies.

Although a manufacturing company, Kagome is actively working to improve the environment for the logistics companies involved in its value chain. One example is the Driver Appreciation Project held in spring 2024. In cooperation with our logistics partner, F-LINE Corp., we held events at each production plant to directly express our gratitude to truck drivers. At these events, we handed out message cards and our products directly to the drivers, and also conducted a "real-life feedback survey" with the drivers. We will use this valuable "real feedback" to improve the logistics environment at our production plants, which represent our primary domestic logistics bases.

* The Act on the Arrangement of Related Acts to Promote Work Style Reform imposed an upper limit on working hours of drivers in April 2024. This makes it difficult to transport products in the same way as before.



Message

Building Supply Chains for Raw Materials

To ensure a stable supply of products (manufacturing), the Logistics Planning Department began inventory controls in October 2024 with the goals of optimizing inventories and stable supply of imported raw materials.

Inventory controls cannot be achieved by the Logistics Planning Department alone. Therefore, as part of the Procurement SCM Reform Project, we have begun to strengthen cooperation both inside and outside the company, with suppliers, contracted logistics companies, procurement departments, and production plants, and to open up information that had not previously been shared. By sharing information, we can visualize it in real time and avoid supply risks at an early stage. We will continue to advance this project and improve our business infrastructure, while also constantly updating ourselves on external factors, such as changes in sales trends and the state of maritime logistics, in order to work toward optimal raw materials supply.



Profile
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Logistics Planning Department