

# Sustainability Governance

## Kagome's Approach to Sustainability



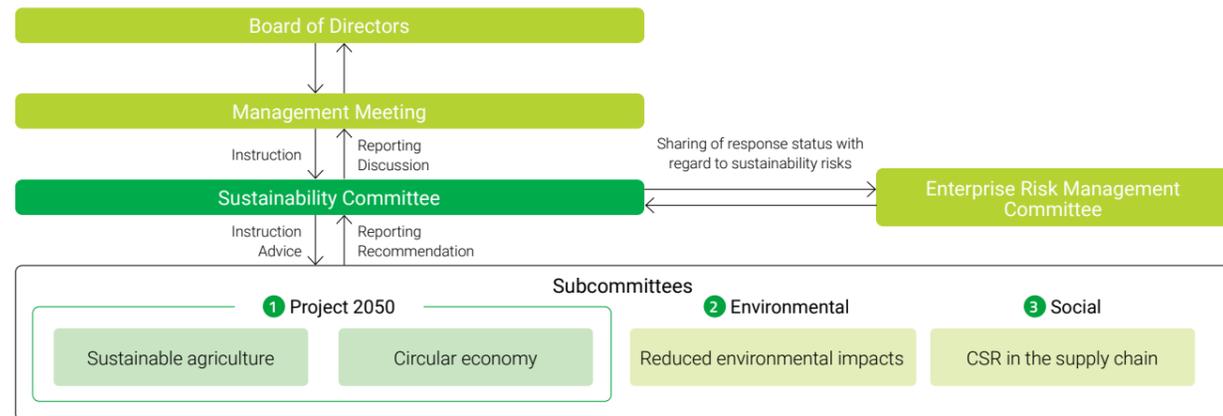
### Basic Policy on Sustainability

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 FY2023

In FY2023, the Sustainability Committee met a total of three 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.

	Details of discussions
First meeting (April 6)	<ul style="list-style-type: none"> <li>Kagome's approach to sustainability and promotion system</li> <li>Formulation of Human Rights Policy and future actions</li> <li>Details of the 2050 Vision</li> </ul>
Second meeting (June 29)	<ul style="list-style-type: none"> <li>Overview of the Environment Subcommittee and updates on measures to reduce Scope 1 and 2 greenhouse gas emissions</li> <li>Amendments to the draft Human Rights Policy</li> </ul>
Third meeting (December 13)	<ul style="list-style-type: none"> <li>Interim Report on the 2050 Vision Formulation Project</li> <li>Understanding Business and Human Rights (lecture by expert)</li> <li>Human rights due diligence implementation plan and establishment of human rights page</li> <li>Overview of the Environment Subcommittee and draft proposals for responding to changes in the internal and external environment</li> <li>Response to TCFD/TNFD</li> </ul>

## Highlights of Sustainability Committee (and Subcommittee) Activities

### ► Launch of the 2050 Vision Formulation Project

We launched the 2050 Vision Formulation Project as a subcommittee under the Sustainability Committee to clearly present "what kind of society we want to achieve in 2050 (social image)" and "what we will work on to realize that society (corporate image)" as a guideline for long-term initiatives over 10 years. Project members were selected from employees in their 20s to 40s through an internal recruitment process. The project holds workshops to formulate the vision while planning scenarios and better understanding the company's strengths. The Sustainability Committee discussed the framework of the project in advance and held an interim session with the project members in December 2023.



Workshop involving project members

### ► Advancing human rights issues

The Supply Chain CSR Subcommittee, comprised of representatives from the purchasing, legal, and sustainability departments, took the lead in advancing human rights initiatives. **P.61-62** The Sustainability Committee mainly discusses the contents of the Kagome Group Human Rights Policy and the human rights issues that the company should address.

## SUSTAINABILITY TOPICS

### 1 Establishment of sustainability website

In July 2023, we launched a new Sustainability website within our corporate website. It describes the Kagome Group's activities toward the realization of sustainability, including the seven important issues (materiality) to achieve sustainable growth and enhancement of corporate value, as well as initiatives for food education and mutual support. To further deepen stakeholder understanding of the Kagome Group, we will actively disseminate our sustainability activities through this website.

 Sustainability website (Japanese only)  
<https://www.kagome.co.jp/company/sustainability/>



### 2 Selected for inclusion in the FTSE Blossom Japan Index for the first time

**Kagome is now a component of all ESG indexes of Japanese stocks adopted by the GPIF**

Kagome was selected for inclusion in the FTSE Blossom Japan Index for the first time. The FTSE Blossom Japan Index, designed by global index provider FTSE Russell to measure the performance of companies with strong ESG practices, is widely used to create and evaluate sustainable investment funds and other financial products. FTSE Russell's assessment covers areas such as corporate governance, health and safety, anti-corruption and climate change. Companies included in the FTSE Blossom Japan Index meet a range of ESG criteria set by FTSE Russell. As a result of this inclusion, Kagome is now included in all ESG indexes targeting Japanese stocks adopted by Japan's Government Pension Investment Fund (GPIF), the world's largest public pension fund.

### 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. Nevertheless, the management environment is changing almost daily. Therefore, in 2021 we revised our materiality taking into account assessments by external stakeholders and the Board of Directors after considering these changes in the external environment during the review of the third Mid-Term Management Plan. The new issues have been addressed through the Sustainability Committee and reflected in specific management strategies. After the current Mid-Term Management Plan ends in 2026, materiality issues will again be examined mainly by the subcommittees of the Sustainability Committee and revised as necessary.

2018	Identification and sorting of social issues
2019	Identification of materiality using a third-party assessment from external stakeholders
2021	Review of materiality (Narrowed materiality from 17 issues to 7) • Interviews of external stakeholders • Validity 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

### 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 2023, the KAGOME Building, which was created as a symbol of corporate branding through spatial design, received the Good Design Award (Japan Institute of Design Promotion). The exterior of the lower part of the building and the interior of the kitchen space called Kagome Kitchen Farm® Nagoya on the first floor are based on a "mesh of a basket (*kago no me* in Japanese)" for harvesting tomatoes, which is the origin of the company name Kagome. We also applied for and acquired design rights\* for the interior of the kitchen.



\* These design rights are shared with Takenaka Corporation.

#### 2 Intellectual property activities for safeguarding and utilizing technologies

In the fields of agriculture, health, and processed foods and beverages, Kagome engages in intellectual property activities in cooperation with the strategies of each business department.

In 2023, we obtained patent rights related to Na/Katkali Map®, vegetables containing SGS (sulforaphane glucosinolate), and vegetable soup stock.

The Na/Katkali Map® provides the sodium and potassium content in foods in a quick glance. Through patent rights\* and other licenses related to this map, we recommend a balanced diet to consumers. 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.

\* These rights are shared with Tohoku University.



### 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	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 17 PARTNERSHIPS FOR THE GOALS	Domestic Processed Food Business: <b>P.37-38</b>
	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	2 ZERO HUNGER	Domestic Agri-Business: <b>P.39-40</b>
	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	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	Environment: <b>P.47-52</b>
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: <b>P.53-54</b>
	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	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Supply Chain: <b>P.63-64</b>
	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	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 AFFORDABLE AND CLEAN ENERGY	Human Resources: <b>P.55-60</b>
	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	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Corporate Governance: <b>P.69-76</b>

# 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.



## Quality and Environmental Policy

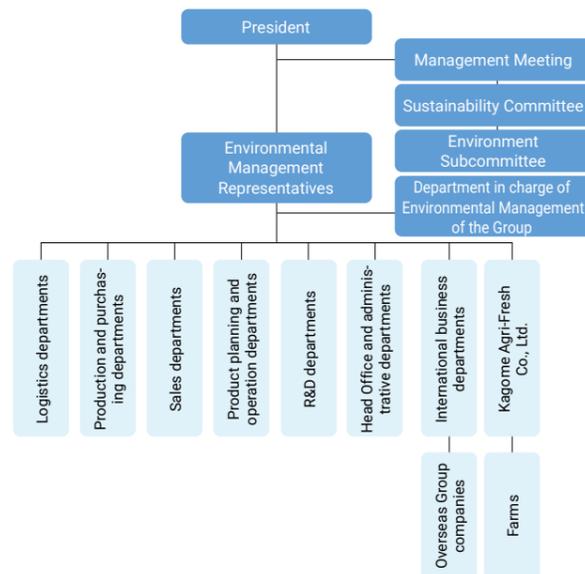
As a company that has contributed to people's health by harnessing nature's bounty, Kagome creates products based on the philosophy that "fields are the primary production plant," by putting efforts into developing safe, high quality raw materials, starting from vegetable seeds and soil creation, as the foundation of our business. To continue reaping the benefits of nature's bounty, we need to engage in sustainable agricultural management in a rich natural environment. Balancing conservation of the global environment with manufacturing that makes use of nature is essential for the Kagome Group's business activities to continue to grow into the future.

Given the shared philosophy and relevance between quality (manufacturing) and environment, we consolidated the previously standalone Quality Policy and Environmental Policy into the Quality and Environmental Policy in October 2017. We are devoting the same enthusiasm we have put into our manufacturing into environmental conservation activities. Our management intent to achieve a sustainable society is integrated into the Quality and Environmental Policy.

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.

## Kagome's Environmental Management System

At all domestic Kagome Group companies, we have established and implement the Kagome Environmental Management System (KEMS). This system clearly defines responsibilities for all departments and business sites nationwide, with the President at the top, based on the Quality and Environmental Policy. Specifically, we have developed the Kagome Environmental Management Plan based on the Quality and Environmental Policy, and set annual goals. Individual departments and business sites promote environmental preservation activities to achieve targets for each fiscal year. Results of the activities are checked and reviewed to update the medium- to long-term action plan and targets as well as set targets for the following fiscal year.



See our website for details of the KEMS and the Kagome Environmental Management Plan.  
[https://www.kagome.co.jp/english/csr/environment/env\\_management/](https://www.kagome.co.jp/english/csr/environment/env_management/)

## Response to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

As its response to climate change, in 2019 Kagome conducted scenario analysis following the TCFD's recommendations to identify risks and opportunities involving our business operations. We have also been reviewing our indicators and targets. In 2022, we announced our endorsement of the TCFD's recommendations and participated in the TCFD Consortium.

**Governance**

The Kagome Group recognizes that an interruption in the procurement of raw materials is the greatest risk facing its business operations. Extreme weather due to global warming drastically affect the growing regions of raw materials. In 2021, we made a revision to our mid- to long-term greenhouse gas reduction targets formulated in 2018, in order to avoid this risk and speed up the reduction of greenhouse gas emissions.

Under KEMS in accordance with ISO 14001, the President & Representative Director is responsible for all of the company's environmental activities, including climate change response. The President evaluates the effectiveness of the environmental management system through biannual management reviews, following the company's environmental policy, and maintains responsibility and authority to order improvements.

**Strategy**

The emergence of climate change represents a major risk for Kagome as a company that utilizes agricultural produce as raw materials. At the same time, however, it can also be an opportunity for harnessing our long-standing technologies.

### Examples of Kagome Group's Risk Countermeasures and Opportunities

	Risks	Countermeasures and opportunities
Short-term and mid-term	<ul style="list-style-type: none"> <li>● Extreme weather and changing weather patterns</li> <li>● Declining production yield caused by water stress</li> </ul>	<ul style="list-style-type: none"> <li>● Acquisition and sales of vegetable varieties that can withstand climate change</li> <li>● Development and usage of tomato cultivation system that can produce tomatoes with the fewest amount of water</li> </ul>
Long-term	<ul style="list-style-type: none"> <li>● Rising carbon prices</li> <li>● Changing consumer behaviors</li> <li>● Loss of biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>● Initiatives to achieve greenhouse gas reduction targets</li> <li>● Active development of environmentally friendly products and certified products</li> <li>● Proposals and promotion of agriculture in symbiosis with living organisms</li> </ul>

For details, see our website.  
<https://www.kagome.co.jp/english/csr/environment/activity/tcfd/>

The risks and opportunities of climate change represent the risks and opportunities of Kagome's business operations. As such, they have been included in our business plan together with other risks.

**Risk management**

Kagome has established the Enterprise Risk Management Committee, chaired by the President & Representative Director, as a body for supervising the company's risk management activities. 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. Identified risks and opportunities concerning climate change are incorporated into the Environmental Management Plan as issues to be addressed by the entire company.

**Indicators and targets**

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\*.

\* An international initiative that certifies the greenhouse gas emissions reduction targets of a business are consistent with the level set in the Paris Agreement

Item	Targets (compared to 2020)	FY2020 results (tons)
Scope 1 and Scope 2	Reduce greenhouse gas emissions by 42% by FY2030	143,524
Scope 3	Reduce greenhouse gas emissions by 13% by FY2030	1,315,239

Scope 1: Direct emissions of greenhouse gases from businesses (burning of fuels, 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)

We believe that it is essential to disclose highly reliable data on greenhouse gas emissions. We have obtained third-party verification of our greenhouse gas emissions (Scope 1, 2, and 3) and received a verification report. Regarding greenhouse gas emissions in 2022 (January 1 to December 31), the validity of the calculation method and data on greenhouse gas emissions from the Kagome Group's production plants (Scope 1 and 2) in Japan and overseas and the Kagome Group (Scope 3) in Japan were verified in accordance with ISO14064-3:2019, and we obtained a verification report from Japan Management Association, which is an evaluation body.

(FY2023 results will be published on the CSR website after third-party verification is completed.)

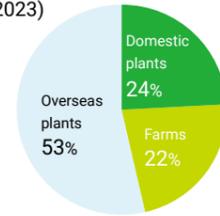
For details, see our website. (Japanese only)  
<https://www.kagome.co.jp/library/pdf/company/sustainability/data/02.pdf>

▶ 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.

Breakdown of Kagome Group's Greenhouse Gas Emissions (FY2023)



Use of renewable energy

The Kagome Group is advancing initiatives to reduce its greenhouse gas emissions with solar power generation and biomass energy.

• Use of solar power

**Domestic:** Kozakai Plant (2021), Ibaraki Plant (2021), and Fujimi Plant (2021)

**Overseas:** Kagome Inc. (United States; 2017), Kagome Australia Pty Ltd. (Australia; 2019), and Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT) (Portugal; 2023)

\* Number of parentheses indicates the year solar power generation was introduced.

• Purchase and use of electricity generated from renewable energy sources

**Domestic:** Kozakai Plant (2022), Ueno Plant (2023), Fujimi Plant (2023), and Hibikinada Greenfarm Co., Ltd. (2013)

**Overseas:** Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT) (Portugal; 2021)

\* Number of parentheses indicates the year renewables was introduced.



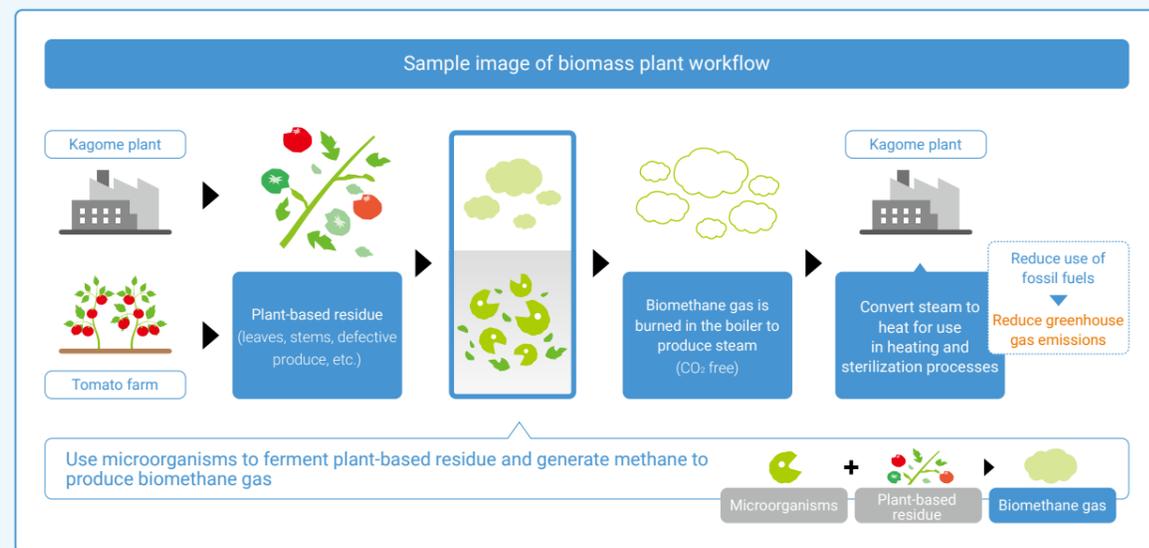
Kozakai Plant (Aichi Prefecture)



Fujimi Plant (Nagano Prefecture)

TOPICS Use of Biomass Energy

Since January 2023, Fujimi Plant (Nagano Prefecture), which produces beverages such as Kagome Tomato Juice and Yasai Seikatsu 100, and processes raw vegetables for beverages, has been using vegetable residues generated at the plant and tomatoes that cannot be shipped from the Yatsugatake Mirai Farm, located next to the plant, as renewable energy. By reducing the use of fossil fuels, we will reduce our greenhouse gas emissions.



▶ Effective Utilization of Resources

Kagome agrees with SDG 12 "By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses," and with this goal in mind, we will improve the accuracy of production volume, eliminate the occurrence of defective products, develop products with long use-by dates, display the years and months of use-by dates, and utilize food banks, in an effort to reduce food loss and waste. As part of our efforts to reduce our environmental impact, we are also working to reduce the amount of plastics we use.

In 2020, we established the Kagome Policy on Plastics with the goal of reducing the impacts plastics have on the environment. As a specific target, Kagome will eliminate its use of straws made from petroleum-derived materials for its paper beverage packs and shift to recyclable materials (plant-based or paper materials) by 2030. Kagome will also use recycled or plant-based materials for at least 50% of its beverage PET bottles by 2030.

In addition, Kagome will continue to promote recycling at plants and environmental clean-up activities at all domestic business sites.

Kagome Policy on Plastics

Policy on Plastics (Summary)	
1	Eliminate the excessive use of plastics and reduce overall use of plastics
2	Replace plastic with recycled materials and plant-based materials Paper carton: zero use of straws made from petroleum-derived materials by 2030 PET bottles: use of at least 50% recycled/plant-based materials by 2030
3	Sustain zero emissions at plants
4	Continuously implement environmental clean-up activities at domestic business sites

Phasing out straws included with all four "Plant-based lactic acid Labre"

With the aim of reducing the amount of plastic we use, in May 2023 the Kagome Group began gradually phasing out the straws included with Plant-based lactic acid Labre (all four products). In 2020, we established the Kagome Policy on Plastics with the goal of reducing the impacts plastics have on the environment, and since then we have been using plastics that are more considerate of the environment. As a company whose business is made possible by the bounty of nature, we will continue to promote environmentally friendly activities, such as reducing the amount of new plastics we use that are made from petroleum.



Current product and straw-less product  
Also changed the shape of the aluminum lid on top of products

Plant-based lactic acid Labre series

Message from a Person in Charge

Aiming for Products That Are People and Planet Friendly

Given that about half of our customers do not use straws, we have been looking to phase out straws in order to achieve the goals stated in the Kagome Policy on Plastics. We also wanted to make the lid as easy to open as possible, not just phase out the straw. In order to make it the easiest to open for women in their 40s to 60s, who are the main customers, we went through a lot of trial and error, adjusting the tab of the lid to the size of a woman's thumb, and with the cooperation of the relevant departments, we made our new design a reality. We have also received feedback from customers who say, "It's a good design because it helps reduce waste." We hope that more people will continue to become customers by evolving our products into something that is not only friendly to people but also the planet.



**Satoshi Ban**  
Beverage Marketing and Sales Promotion Department

▶ 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.

Kagome Group Water Policy

1. The Kagome Group and its major suppliers understand water-related risks.
2. The Kagome Group and its major suppliers strive to reduce water intake and use water efficiently to protect local water resources.
3. The Kagome Group and its major suppliers clean used water before returning it to the local communities.
4. Factories in areas where water-related risks are high take measures for water that are appropriate for the local areas.

Response to high-risk sites

Since we use water to grow crops, which are the raw materials for our products, and we also consume a lot of water in the processing stage, we need to reduce the amount of water used and mitigate the burden on the environment. For this reason, we conduct water risk assessments at six domestic plants and seven overseas. In these water risk assessments, watershed risk and operational risk are evaluated using a five-point scale (1 to 5) and converted into a two-dimensional matrix to identify priority sites. For the six domestic plants, our assessment using Aqueduct's Baseline Water Stress\* did not show that water-related risks were high. Therefore, we focused on overseas plants to assess the risks.

Kagome has been selected as an A list company with the highest rating in CDP Water Security, a corporate survey on water resource management by CDP, an environmental non-profit organization influential internationally.



\* Baseline Water Stress: A global tool for water risk assessment developed by the World Resources Institute (WRI).

• Watershed risk

We investigated water resource risks, reputational risks related to water volume, regulatory risks related to water volume, drought risks, flood risks, water quality risks, and reputational risks related to water quality using the applicable indices of Aqueduct and Water Risk Filter\*, which can assess water risks using the same criteria for our sites around the world.

\* Water Risk Filter: A global tool for water risk assessment developed by WWF (World Wide Fund for Nature) and DEG (German Investment Corporation).

• Operational risks

We collect information such as annual water withdrawal by water source, annual wastewater discharge by discharge destination, and annual sales, assess it relatively, and confirm its validity using an external consultant.

• Identification of priority sites

HIT in Portugal and Kagome Australia Pty Ltd. in Australia were identified as a sites with high water risk. For HIT, this was due to high risks related to local water resources and water quality and to the high amount of water intake and wastewater among all of Kagome's subsidiaries. For Kagome Australia Pty Ltd., this was because of the adverse impact on procurement caused by drought and flood damage locally.

Response to Water Risk ①

HIT in Portugal

HIT has the largest amount of water withdrawal among Kagome's plants, so reducing water used is particularly important. In 2022, HIT installed a tank and a collection line to collect steam-derived hot water after use in concentrators and sterilizers, store it in the tank, and reuse it as boiler water. In May 2023, HIT installed a cooling tower to start reusing cooling water. Going forward, the company aims to reduce water intake by further expanding this cooling tower.



Response to Water Risk ②

Kagome Australia Pty Ltd. in Australia

Kagome Australia Pty Ltd. is attempting to mitigate risks by avoiding the cultivation of tomatoes during periods when the risk of heavy rain is high. Moreover, whenever there is a lot of precipitation, the harvester cannot operate in fields of clay soil, so in 2022 the company conducted a test using a sandy field with good drainage. Since there is also a risk of drought, the company is also striving to reuse water by storing the water used at the plant in the winter behind a dam and providing it to neighboring farmers in the spring.



▶ 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.

Kagome Group Biodiversity Policy

Conservation activities in the supply chain	Collaboration with internal and external partners
1. Maintenance and utilization of genetic resources	8. Penetration internally and externally
2. Reduction of agriculture's environmental impacts	9. Dialogue with outside parties
3. Ecosystem conservation around farmland	10. Information disclosure
4. Reduction of procurement's environmental impacts	11. Social contributions
5. Considerations during transportation	12. Response to fundamental issues
6. Reduction of plants' environmental impacts	
7. Considerations for products and services	

Development of AI farming advice and automated irrigation control for pulse drip irrigation

Pulse drip irrigation\* is generally known as a cultivation method that reduces water consumption. Yet, it has not become widespread because of its complex management and heavy workload for producers. DXAS Agricultural Technology LDA, a joint venture established by Kagome Co., Ltd. and NEC Corporation, is contributing to sustainable agriculture, having launched a service in April 2023 that combines AI farming advice for pulse drip irrigation with an automated irrigation control function that reduces workload. It is now getting the word out about this solution to the processing tomato market.



Linking with irrigation facilities to automatically and remotely control water and fertilizer application

\* A cultivation method that maintains the optimal soil moisture content for crops by giving the amount of water and fertilizer required frequently and little by little.

Biodiversity conservation in vegetable cultivation

In July 2020, we established a farm in symbiosis with living organisms on a 1.2-hectare field adjacent to Kagome Yasai Seikatsu Farm Fujimi, and opened it to the public. This farm features mechanisms that make it easier for various living organisms to thrive around the field, as well as mechanisms to attract creatures that are useful for agriculture, such as natural enemies of pests. This allows the farm to engage in agriculture that makes use of the power of living things. At the farm, we conduct biodiversity monitoring surveys, and based on the results, we will make improvements or add to each mechanism to establish agriculture in symbiosis with living organisms.



Providing an environment where living organisms can thrive around the field (rock piles and bamboo tubes)

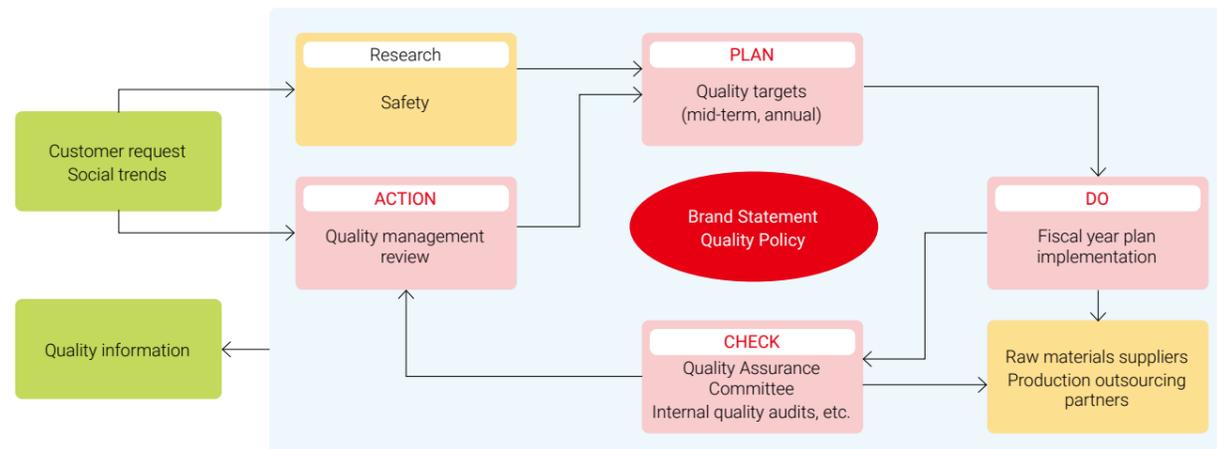
## Product Safety and Security

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.

### ▶ Quality Management and Quality Assurance System for Overseas Group Companies

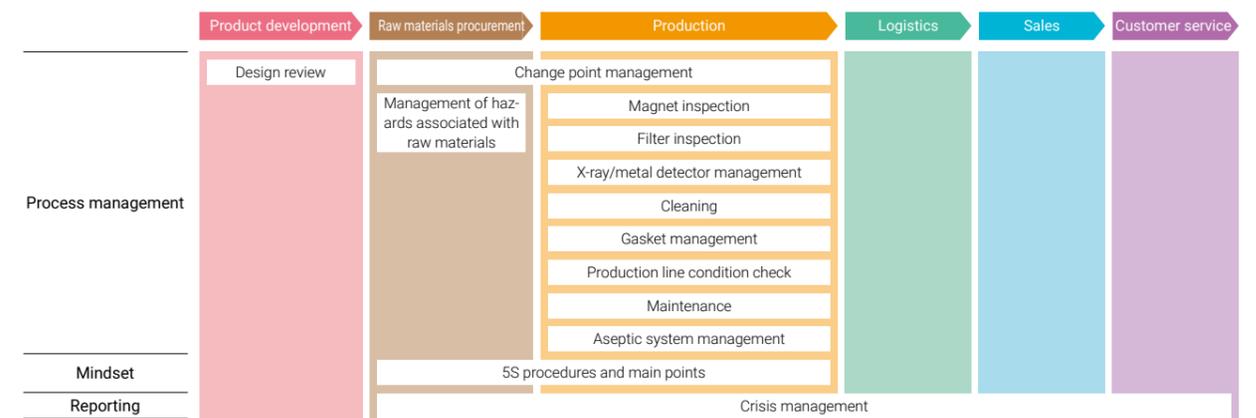
In 2016, we established the Global Quality Assurance Department (located in Tokyo) within the International Business Division. This department formulated Group-wide quality management standards known as Kagome Best Manufacturing Practice (KBMP) for overseas Group companies, and it continues working to 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)



### ▶ Detailed Global Quality Assurance Activities

We are working to further strengthen our quality assurance foundation by sharing the good practices 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 quality, production, 5S, safety, and sustainability initiatives. This meeting not only improves quality mindsets through friendly competition involving Group companies, but also helps to align perspectives on issues and targets such as production and the environment.

In October 2023, as part of the activities of a subcommittee, we invited the head of quality and manufacturing of HIT in Portugal to Vegitalia S.p.A., Italy, where we held a discussion while visiting our manufacturing site in Italy. In addition to understanding process management and proposals for improvement from both sides, the meeting helped to deepen discussions on measures to improve employees' mindset toward quality.



Global Quality Assurance Meeting (preventive training) held in Tokyo in November 2022



Quality networking session at a manufacturing plant held in Italy in October 2023

# 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.

**Joji Kawahara**  
Chief Human Resources Officer (CHO) & Executive Officer



## ▶ Increasing Job Satisfaction and Creating Innovation

New value creation combining various forms of knowledge is essential to achieving sustainable growth. This requires the autonomous growth of each and every one of us working 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 Atrac, 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.

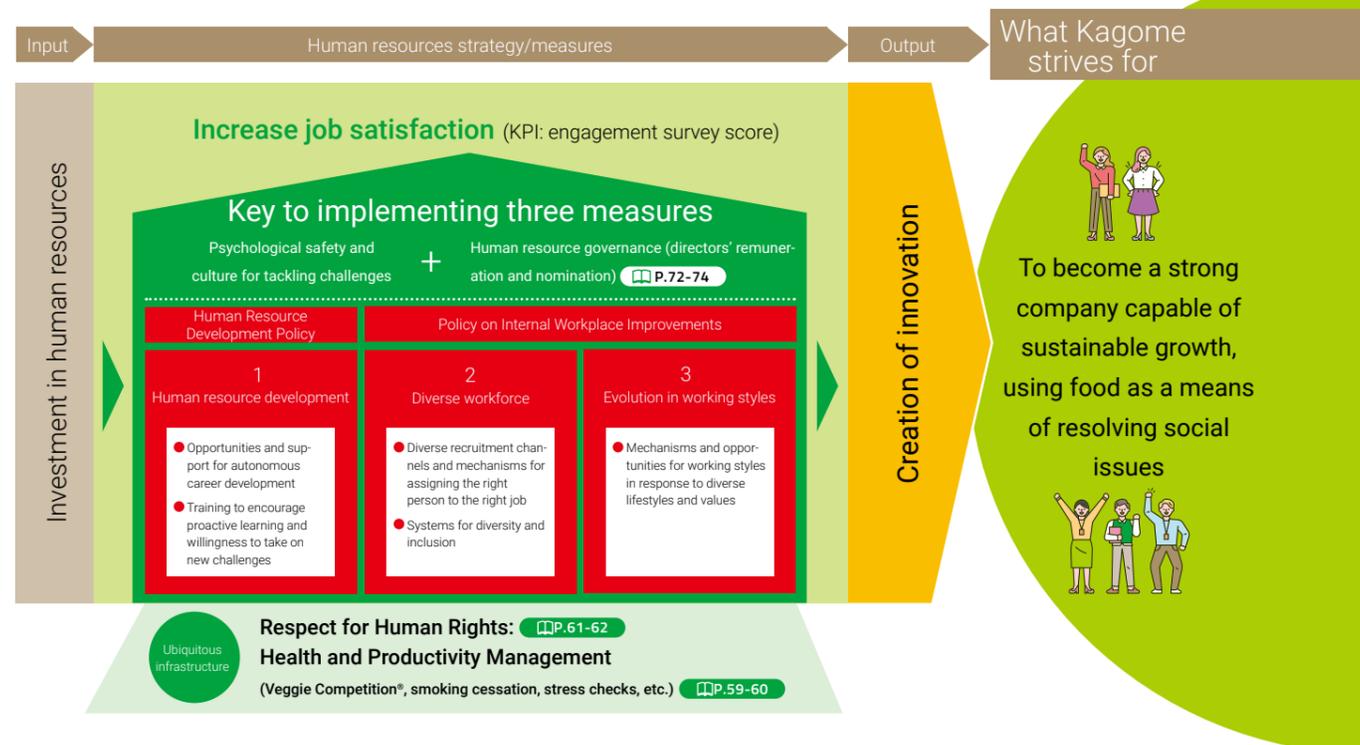
We analyze the results of the survey annually by item and department to identify themes for increasing job satisfaction and implement countermeasures. Currently, there are variations in overall scores among departments (maximum difference: 12 points as of the 2022 survey), and we are deploying measures in line with the characteristics of each department and the actual situation to reduce this difference.

### Trend in Engagement Survey Score

	2021 Results	2022 Results	2023 Results	2025 targets
Total score	70*1	70	72	76*2

\*1 Average score of peer companies using Wevox at the time of setting the target (2021) was 69.  
\*2 Top 20 percentile of peer companies using Wevox at the time of setting the target (2021)

### Kagome's Human Resources Strategy Aimed at Its Vision



### Instilling psychological safety

In 2023, as a measure to instill psychological safety, we organized a lecture and talk session led by an external expert on the theme of "Learning from cases changing the radius of five meters: building a psychologically safe team" led by the Diversity Committee, a Thank You Badge Campaign to convey a small forms of gratitude on a daily basis, a dialogue program for better team building and Circle Time in which the President and a Senior Managing Executive Officer took turns exchanging opinions with participants.

#### Trend in Psychological Safety Penetration Score

	2021 Results	2022 Results	2023 Results
Psychological safety	67	71	72

\* Psychological safety score on an internal survey

### Measures to Improve Psychological Safety

Target	Activities in 2023	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 officers	Training for officers	Study sessions on psychological safety
For managerial positions	Selective management training	Establishment of elective courses for managers to learn autonomously in line with their own organizational development and human resource development issues
	360-degree feedback	Feedback on management behavior is provided annually by superiors, colleagues, and subordinates for all managers.
For all employees	Diversity Day 2023	A lecture and talk session were held by external experts on the theme of building psychologically safe teams
	Circle Time	As a place for flat dialogue between top management and employees, the President and Senior Managing Executive Officer take turns hosting
	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

## ▶ 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 and innovates in many areas by becoming a diverse group of human resources in terms of careers and abilities and realize 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.

In addition, 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).

## TOPICS Reskilling—Practical Learning on Corporate Governance—

We held a total of 14 self-directed learning programs over a four-month period, in which employees are responsible for planning and managing the program themselves. This was planned and implemented by one employee who felt a sense of urgency about his own lack of knowledge on corporate governance and appealed to the entire company. In addition to one external lecturer, six employee lecturers in charge of specialized fields explained the integrated report as a reference book, and the group work of the participants is combined to provide practical learning. Although there was a fee for participation, about 270 employees from a wide range of backgrounds who sympathized with the need for reskilling participated. In the survey conducted after the event, we received such comments as, "I was able to see management and finance as my own for the first time," and "I began to think about things from a companywide perspective, not just the work at hand."



Hiroyuki Shibui of the Corporate Planning Department, who came up with the idea (front row, center), pictured with members of the award-winning group in the final presentation

▶ 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 identity, sexual orientation, disability, age, or social status.

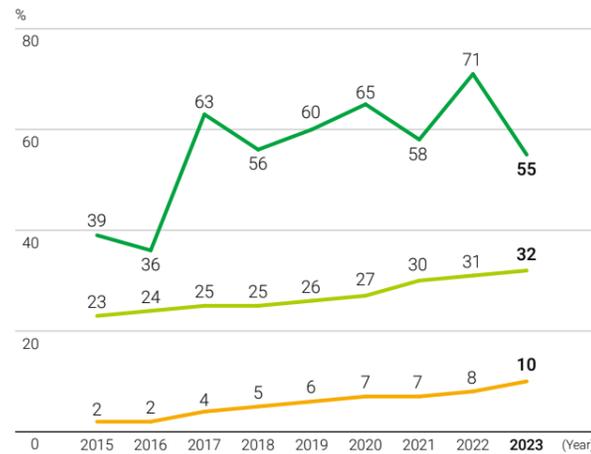
In addition, we are working to promote diversity and inclusion as one of our management strategies to become a strong company that can grow in a sustainable manner. We place emphasis on ensuring psychological safety in our organizations, and strive to create innovation by utilizing the diverse thinking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

Trend in the Percentage of Women in General Career Track Positions, Our Workforce, and Managerial Positions (Kagome Co., Ltd.)



— Percentage of women in general career track positions  
 — Percentage of women in our workforce  
 — Percentage of women in managerial positions  
 \* Data for employee positions as of April 1 of each year

Supplementary note: In 2023, women accounted for 32% of our workforce. Since we are working to achieve a target of women accounting for 60% of new graduates hired for general career track positions, the percentage of young women in our workforce is high. On the other hand, as the age group increased, the percentage of women at the time of recruitment decreased, resulting in a pyramid-shaped age structure. As a result, the percentage of women in managerial positions, which is mainly composed of persons in their 40s and 50s, is currently at a low level.

Number of Mid-Career Hires and Trend in the Percentage of Mid-Career Hires to Total Recruitment (General Career Track Positions) (Kagome Co., Ltd. and Kagome Agri Fresh Co., Ltd.)



■ Number of mid-career hires (persons)  
 — Percentage of mid-career hires (right axis)  
 \* Persons hired between January and December of each year (2023 includes three career employees of Kagome Agri Fresh Co., Ltd.)

▶ 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. We will 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.

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	Expanded assistance for transfers involving relocation

▶ Governance System

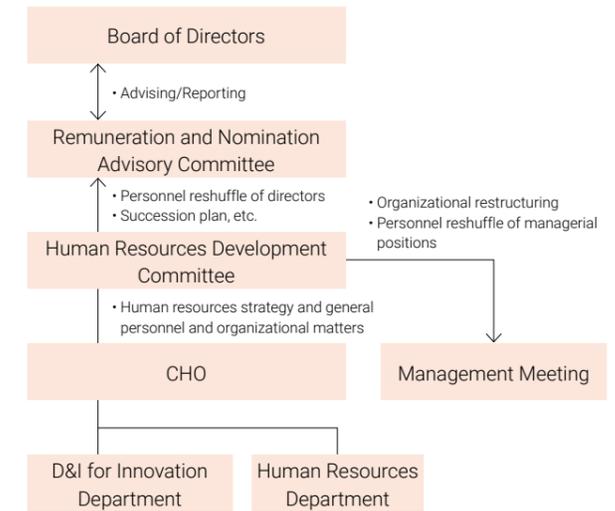
We established the Human Resources Development Committee, which is comprised of internal executive management, and the Remuneration and Nomination Advisory Committee, which is also composed of internal executive management as well as external directors, as specialized meeting bodies that involve deliberation 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 frequently 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 Chief Human Resources Officer (CHO) is a member of the Human Resources Development Committee and the Remuneration and Nomination Advisory Committee, and is mainly responsible for making recommendations.



▶ Indicators and Targets

Strategy	Indicator	2021 Results	2022 Results	2023 Results	Target	
Job satisfaction	Engagement survey score	70	70	72	76 Engagement score within the top 20% of peer companies by 2025	
	Psychological safety penetration rate score*1	67	71	72	—	
Human resource development	Number of career interviews (persons)	610	645	561	—	
	Growth opportunities score*2	67	67	68	—	
Diverse workforce	Ratio of women in new general career track hires out of university	58.0%	71.0%	54.5%	60% or higher	
	Percentage of women in managerial positions	7.4%	8.4%	9.6%	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 (estimate)	1.0 or higher compared to men	
	Breakdown of general career track positions	30.8%	27.9%	29.8%	—	
	Percentage of men taking childcare leave General career track/Technical track	General career track	62.0%	75.6%	65.6%	42% or higher (Average for 2019 to 2021)
		Technical track	64.3%	84.6%	81.8%	—
Gender pay gap*3 (The percentage of women's pay to men's)	Total workers	66.2%	65.4%	68.3%	—	
	Permanent employees	68.6%	67.3%	70.5%	—	
	Part-time and fixed-term contract employees	87.8%	87.6%	86.6%	—	
Evolution in working styles	Paid leave utilization rate	84.7%	86.4%	81.7% (estimate)	—	
	Total working hours (hours/year)	1,867	1,896	1,895	—	

\*1 Score on in-house survey on psychological safety

\*2 Score of questions concerning "growth opportunities" within the engagement survey

\*3 For supplementary explanations on appended matters and pay gap, see our website. (Japanese only)  
[https://www.kagome.co.jp/library/pdf/company/sustainability/data/2310esg\\_data\\_book.pdf](https://www.kagome.co.jp/library/pdf/company/sustainability/data/2310esg_data_book.pdf)



Initiatives to Strengthen Human Resources

# Kagome's Health and Productivity Management Elevating Brand Value

Kagome has identified longer, healthier lives through food as one of the social issues it should help resolve. Toward this end, we are developing products and services that contribute to the health of customers. Therefore, the health of employees provides greater persuasiveness to Kagome's business, which in turn leads to an increase in Kagome's brand value.

## Kagome's Unique Initiatives for the Promotion of Health and Productivity Management

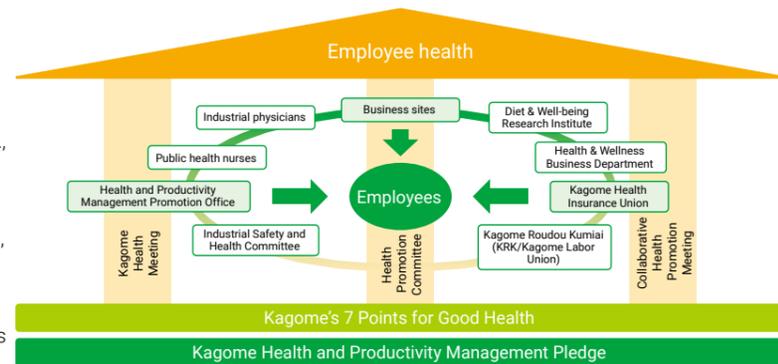
In promoting health and productivity management, we are able to make the most of our collaborations in terms of products such as vegetable beverages, the Diet & Well-being Research Institute, the Health & Wellness Business Department, and the Let's Eat Vegetables campaign, which represents a major strength that other companies simply do not have. In addition, we have a culture that values people, and health and productivity management is considered to be the very essence of Kagome's corporate culture.

We aim for a state in which our employees can be said to be "clearly" healthy both physically and mentally. This will lead to an improvement in the company's performance and expand the range of our products and services that contribute to the health advancement of customers. At the same time, we believe that the physical and mental health of all employees working at Kagome will lead to improved job satisfaction.

## Framework for Promoting Health and Productivity Management

As shown in the organizational chart on the right, based on the Kagome Health and Productivity Management Pledge established by Kagome's management, the Health and Productivity Management Promotion Office of Kagome Axis Co., Ltd., the Kagome Health Insurance Union, and each business site work together as part of a trinity.

The three pillars of the Kagome Health Meeting, the Collaborative Health Promotion Meeting, and the Health Promotion Committee work together with industrial health staff to identify health issues and consider and implement health measures.



## Certified Health and Productivity Management Organization 2023 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 2023, we were recognized under the Certified Health and Productivity Management Organization (large enterprise category; White 500) 2023 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.



### Kagome Health and Productivity Management Pledge

The health of employees links directly to feelings of job satisfaction, through improving their sense of pride and engagement at Kagome. With Kagome's 7 Points for Good Health at our core, we will contribute to the health of our customers through food while promoting health and productivity management.

- ### Kagome's 7 Points for Good Health
- Point 1** Nutritional balance, eat 350g of vegetables a day
  - Point 2** Feel fresh and cleansed every day, drink Labre
  - Point 3** Sleep well, greet people, and enjoy a fun lifestyle
  - Point 4** Take appropriate exercise, walk 8,000 steps a day
  - Point 5** Develop habits of brushing teeth, gargling and washing hands
  - Point 6** Don't drink too much alcohol, and avoid smoking
  - Point 7** Take regular health checkups and manage your own health

## Targets

The targets for health checkups, stress checks, and smoking rate and the situation of each fiscal year are presented below. We will work on various measures to achieve our goals and promote health and productivity management.

### Situation regarding Health Checkups (%)

FY	2018	2019	2020	2021	2022	2023	2025 (Target)
Percentage of employees taking health checkups	100	100	100	100	100	100	100
Percentage of employees receiving specific health guidance	58.2	72.0	84.8	88.7	86.9	85.7	100

### Situation regarding Stress Checks (%)

FY	2018	2019	2020	2021	2022	2023	2025 (Target)
Examination rate	92.0	95.7	93.3	92.0	93.7	94.1	-
Rate of high stress employees	6.3	7.4	7.6	8.3	7.9	7.0	Consistently at 8.0

### Smoking Rate (%)

FY	2018	2019	2020	2021	2022	2023	2025 (Target)
Smoking rate	23.1	20.8	19.5	16.1	15.1	14.3	12.0

### Encouraging employees to eat more vegetables

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. In 2023, 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. At the same time, we hold the Team Veggie Competition® every year to raise awareness of our own vegetable consumption and increase it. During the competition, the daily amount of vegetables is entered into the dedicated app, and each team competes against one another for highest vegetable intake.



Team Veggie Competition app

\* A measurement using VegeCheck® that can estimate a person's vegetable intake in 30 seconds

Visualization site for the initiative to encourage Kagome employees to eat more vegetables

### Message from a Person in Charge

#### Contributing to Health and Productivity Management through Kagome's Own Unique Measures

Kagome employees can drink the company's own vegetable beverages in the office every day. We also regularly run in-house campaigns to raise awareness among our employees with regard to their vegetable intake and increasing it. About 90% of the target employees participate in this campaign, and vegetable intake is steadily increasing. It has been five years since we pledged to promote health and productivity management, and our efforts have evolved with each passing year. We actively engage in health and productivity management, conducting thorough measures in response to high-risk employees found in health checkup results, banning smoking during working hours, closing onsite smoking areas companywide, and hosting walking campaigns aimed at maintaining appropriate body weight. Looking ahead, we will continue contributing to health and productivity management through various measures that capitalize on Kagome's uniqueness.



**Kyoko Akiyama**  
Health and Productivity Management Promotion Office  
Kagome Axis Co., Ltd.

## 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.

### Kagome Group Human Rights Policy

#### Basic Approach

This policy complements the Kagome Code of Conduct. We support and respect the following international norms.

- International Bill of Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work  
ILO Declaration of Multinational Enterprises
- OECD Guidelines for Multinational Enterprises
- Children's Rights and Business Principles

We comply with applicable laws and regulations in all countries and regions where we operate, using the United Nations Guiding Principles on Business and Human Rights as a framework for conducting human rights due diligence. In the event that there is a conflict between internationally recognized human rights and local laws and regulations, we will seek ways to respect principles on international human rights.

#### Applicable Scope

This policy applies to all officers and employees of the Kagome Group. In fulfilling our responsibility to respect human rights in our business activities, we will ensure that all business partners involved in the Kagome Group's products and services understand and support this policy, encourage them to respect human rights, and work together to promote respect for human rights.

#### Respect for the Human Rights of Stakeholders

We recognize that there is a possibility that human rights may be directly or indirectly affected in all of our business activities, and we respect the human rights of stakeholders involved in the Kagome Group's business activities.

#### • Work environment

We will create a work environment where employees can continue to work in a safe, hygienic and healthy manner.

#### • Payment of appropriate wages and management of working hours

In accordance with laws and regulations, we will pay appropriate wages and manage working hours.

#### • Respect for fundamental labor rights

We respect fundamental labor rights, including freedom of association and collective bargaining.

#### • Prohibition of forced labor and child labor

We do not engage in any form of modern slavery, including forced labor, child labor, and human trafficking.

#### • Prohibition of discrimination and harassment

We will eliminate all forms of discrimination on the basis of nationality, ethnicity, race, creed, ideology, religion, gender, gender identity, sexual orientation, disability, age, social status, etc., and will not engage in harassment that harms the dignity of individuals.

#### • Appropriate handling of personal information and respect for privacy

We comply with laws and regulations regarding the protection of personal information, strive to handle personal information appropriately, and respect privacy.

#### Human Rights Due Diligence

Through the implementation of human rights due diligence, we identify the negative impacts on human rights that we have in society and work to prevent or mitigate them.

#### Remedy

We strive to detect and prevent adverse impacts on human rights at an early stage by operating a compliance contact and reporting hotline. In the event that it becomes clear that our business activities have directly caused or contributed to adverse human rights impacts, we work to remedy the situation through appropriate procedures.

#### Dialogue and Consultations

In the process of implementing this policy, we utilize independent external human rights expertise and faithfully engage in dialogue and consultation with stakeholders.

#### Education and Training

In order to ensure that this policy is incorporated into all business activities and effectively implemented, we provide appropriate education and training to officers and employees.

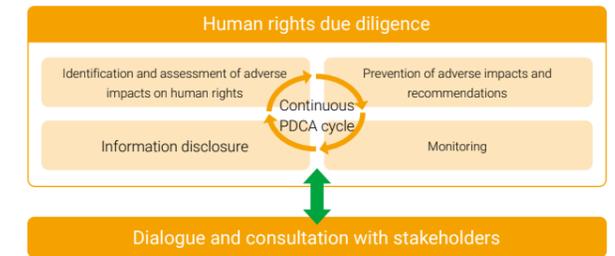
#### Information Disclosure

We regularly report on our efforts to respect human rights and the status of human rights due diligence through modes of communication such as our website and integrated report.

### Human rights due diligence

We regard the United Nations Guiding Principles on Business and Human Rights as a framework for implementation of human rights due diligence. Following the Kagome Group Human Rights Policy, we identify and assess adverse impacts of our business activities on human rights, and are working to take appropriate measures, monitor, and disclose information based on the results of these assessments.

In order to realize sustainable business activities that respect human rights, we will build a system that can continuously promote these processes through dialogue and consultation with internal and external stakeholders.



### ▶ Kagome CSR Procurement Policy

We established the Kagome CSR Procurement Policy not just for the procurement of safe and secure raw materials, but also for contributing to the realization of a sustainable society together with procurement partners. This policy requires that we ensure fair, equitable, and transparent transactions and promote procurement activities that take into account compliance with laws and ethics, human rights, labor, and the environment.

For details about the Kagome CSR Procurement Policy, see our website.  
<https://www.kagome.co.jp/english/csr/supplier/>

### ▶ Kagome Supplier CSR Actions Guidelines

We established the Kagome Supplier CSR Actions Guidelines, which contains detailed guidelines for our procurement partners inside and outside of Japan based on the belief that supplier cooperation is vital to implementing the Kagome CSR Procurement Policy. The guidelines are broken down into sections considered highly relevant internationally, including respect for human rights, appropriate labor environment, and consideration toward the environment. We are now working to ensure compliance with these guidelines by making them known to suppliers through briefings and other means, along with self-checks using a dedicated questionnaire or field audits, each intended to deepen their understanding and implementation in an effort to further enhance the effectiveness of our CSR procurement activities.

For details about the Kagome Supplier CSR Actions Guidelines, see our website.  
[https://www.kagome.co.jp/english/csr/supplier/pdf/kagome\\_supplier\\_csr\\_actions\\_guidelines.pdf](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. Most recently, we have implemented the following measures.

#### FY2023

- Made the Kagome Group Human Rights Policy known to all officers and employees
- Held in-house lectures on the themes of "Business and Human Rights" and "Kagome Group Human Rights Policy" (two times)
- Held study session led by an external human rights expert for the Sustainability Committee (one time)

### Message from a Person in Charge

#### Continuously Assessing and Addressing Human Rights Risks

Until now, respect for human rights has formed a part of our Code of Conduct. In order to respond to international human rights trends, however, we have formulated a new human rights policy.

The importance of a company's responsibility to respect human rights is increasing against the backdrop of changes in laws and guidelines related to human rights. For Kagome, which has a broad value chain, respecting the human rights of all stakeholders involved in its business activities is an indispensable element for business continuity and enhancing corporate value.

In the future, we will continue to assess and respond to human rights risks in our business by utilizing internal and external networks, and in conjunction with our environmental initiatives, we will strive to broadly optimize the entire value chain.



**Ryoichi Ishii**  
Sustainability Group  
Corporate Planning  
Department

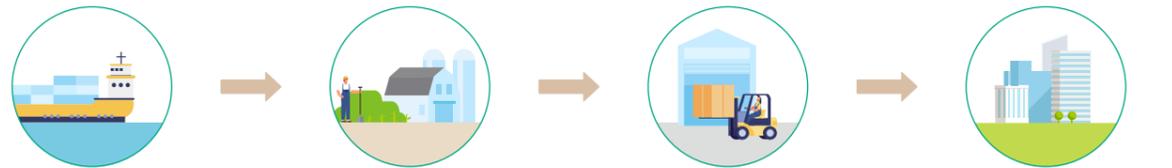
# Establishing a Sustainable Supply Chain

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.



## 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.

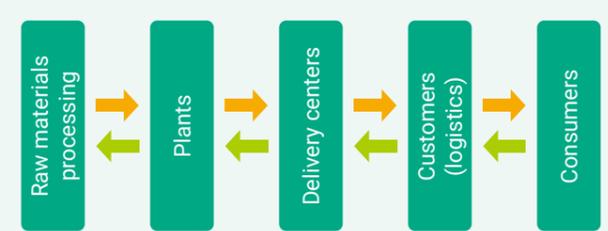


Procurement bases	Plants	Logistics centers	Customers
<p><b>Receive agricultural produce from around the world</b></p> <p>The Kagome Group has procurement bases around the world. Raw materials sent from overseas procurement bases arrive in Japan after a long journey and are transported to domestic plants. 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 feature.</p>	<p><b>Close to production areas, far from consumption areas</b></p> <p>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.</p>	<p><b>Handling over 1,000 products in multiple temperature zones</b></p> <p>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.</p>	<p><b>Diverse sales channels</b></p> <p>Diversified sales channels are also one of Kagome's unique traits. In direct marketing, or DtoC, 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.*</p> <p><small>* 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.</small></p>

### CASE Crystalizing the Supply Network Concept

**Streamlining and optimizing procurement, production, packing and delivery**

Raising the efficiency of logistics, a source of higher costs, has become a major management issue. In addition to transportation and delivery from plants to customers, we will work to realize the "Supply Network Concept," which will enable us to centrally visualize inventories from upstream to downstream, including raw materials suppliers, and improve the efficiency and optimization of transport and delivery.



## Addressing the 2024 Problem\* of Logistics in Japan

\* From April 2024, the upper limit on overtime work (960 hours per year, excluding holidays) for drivers will take effect due to the enforcement of the Act on the Arrangement of Related Acts to Promote Work Style Reform. This could result in a shortage of drivers, making it difficult to transport goods as before.

### 1 Cooperation with plants Listening to the voices of frontline operations to make careful adjustments

Kagome's Logistics Planning Department, with the cooperation of plants and F-LINE Corp., is working to solve problems such as higher costs, driver shortages, and reducing waiting times. For example, at our Ueno Plant, we have expanded the amount of items stored onsite by reviewing work routes and storage locations, and by introducing additional steel pallets (shelves that can be used for storage while they are placed on pallets). In addition to reducing storage costs at external warehouses, we have also been able to harmonize the number of trucks used from plants to external warehouses, which has established a stable transport network. Despite the physical constraints of plants, we continue to make improvements through the creative ingenuity of each site, and move forward with the aim of becoming the shipper of choice.



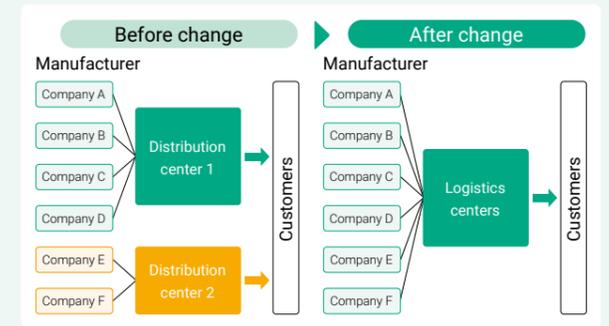
Utilizing space more effectively by switching from laid flat to steel pallets (Ueno Plant)

### 2 Cooperation with sales Seeking the understanding and cooperation of buyers

One of the issues that needs to be addressed in order to optimize the way drivers work is the elimination of long wait hours during deliveries and ancillary work. This requires the understanding and cooperation of the customer, who is the buyer of products. In response to this, the Demand Chain Management Department compiled a list of delivery destinations that pose issues based on improvement requests from F-LINE Corp. We share this information with the sales departments and ask the target customers to cooperate in making improvements. In particular, in order to maintain a stable system for transporting products in 2024 and beyond, it is essential to shorten the working hours of drivers. Our sales representatives are carefully explaining that it is necessary to work together to solve problems in order to comply with laws and regulations.

### 3 Initiatives of F-LINE Corp. Re-establishing joint transport services in Hokkaido

In Hokkaido, consumption areas are dispersed across a wide area and the delivery distance from the distribution center to each community is long. This requires more efficient logistics than other regions. To address this situation, food manufacturers, including Kagome, have been collaborating and conducting joint transport services since 2016. In October 2023, with the aim of further improvement, we consolidated our two distribution centers into one. By having a single distribution base, loading efficiency per delivery vehicle will increase and the number of deliveries can be reduced by about 21%. As a result, we expect that greenhouse gas emissions will be reduced by about 16%, which will also create environmental benefits.



### Message from a Person in Charge

#### Aiming to Become the Shipper of Choice and Achieve Sustainable Logistics

The Logistics Planning Department designs our logistics infrastructure for the stable delivery of products from upstream to downstream in the supply chain. This is the fourth year that initiatives in collaboration with the production division have been rolled out to all plants, creating new operational improvements such as improving workability, freeing up storage space, and building a BCP system.

In 2024, we will reach a major turning point in terms of logistics because of the imposition of an upper limit on the working hours of drivers due to the Act on the Arrangement of Related Acts to Promote Work Style Reform, which will prevent us from transporting goods as we have done so previously (2024 problem of logistics). So far, we have been working to create a sustainable system, such as duplicating transport routes through modal shifts and joint transport services with food manufacturers. However, there are many issues that cannot be solved by logistics departments alone. The entire company will work together to confront this logistics crisis and aim to be the shipper of choice for transportation companies. In addition, we view the "2024 problem" as an opportunity to solve the problems of the past, and use it as a stepping stone to achieving greater efficiency and the realization of sustainable logistics.



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