

Information Disclosure Based on the TNFD Framework
FY2024

NH Foods Ltd.
September 2024

1. The NH Foods Group's Relationship with Nature

1-1. Sustainability at the NH Foods Group

The NH Foods Group has adopted the theme of “the joy of eating” as one of its Corporate Philosophies. This represents the “pleasures of good eating” together with the “joys of health” brought about through food, and we believe that this is the starting point of people's happy lives. However, supply may not be able to keep up with the increase that is projected to be seen in terms of demand for protein in the future due to global population growth and environmental changes. It is the NH Foods Group's social responsibility to continue to provide a stable supply of protein in consideration of the environment and society. Doing so also constitutes the challenge we are taking on when it comes to sustainability.

1-2. Mindsets Concerning the Global Environment and Natural Capital

The NH Foods Group's business activities, which begin with nurturing the bounty of nature, are deeply related to biodiversity and natural capital. Moreover, the nurturing of the bounty of nature requires rich soil and oceans along with clean air and water. To pass these policies on to the next generation, we have formulated the NH Foods Group Environmental Policy. We have also positioned “contributing to a sustainable environment” as a material issue of ours and are working to address climate change and plastics-related problems as we go about aiming to conserve the global environment and make effective use of resources.

1-3. The NH Foods Group's Materialities and Goals

Materialities	Goals
Stable procurement and supply of proteins	We will continue to provide a stable supply of protein, which is essential for human life, into the future by earnestly engaging with the challenges faced by the livestock industry.
Enrichment of lives through food	We precisely identify changes in society, and provide products and services that exceed the expectations of our customers. We create a new Joy of Eating by discovering latent needs and through unconventional and unfettered thinking.
Contributing to a sustainable environment	We are grateful for the blessings of nature and life, and will actively work to resolve environmental issues through our supply chain so that we can pass on a bountiful global environment to future generations.
Creating new values	Freed from convention, we work with a variety of partners to create new value in the form of unprecedented products, services, and experiences..
Fostering an organizational culture focused on new challenges	We will foster a corporate culture in which each and every one of our diverse employees can take the initiative and continue to engage in the challenge of transformation.

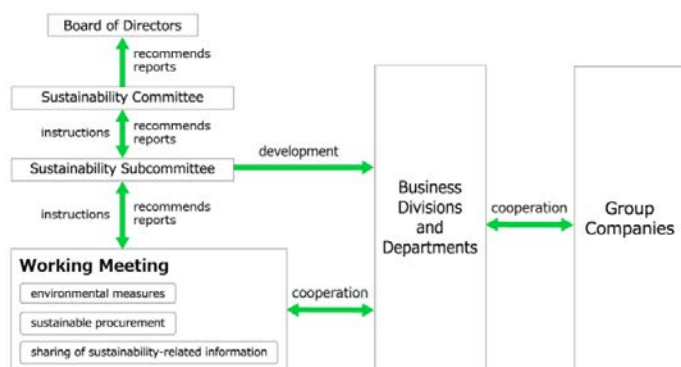
2. Governance

2-1. Sustainability Promotion Framework

The NH Foods Group has established a Sustainability Committee that is chaired by the Chairman of the Board of Directors of NH Foods Ltd. (which meets once a quarter in principle). This committee formulates sustainability policies and strategies, checks the status of initiatives at each group company, and reports its findings and recommendations to the Board of Directors.

The Sustainability Subcommittee gives shape to the strategies formulated by the committee and develops them into measures for business divisions. Nature-related issues, including climate change, are comprehensively examined by the E Environmental Measures Council, which discusses and makes recommendations on priority themes based on our Environmental Policy. We have established the Sustainable Procurement Council to address the issue of supply chain management aimed at sustainable procurement.

Sustainability Promotion Framework



Organization Entity	Role	Organization	Frequency
Sustainability Committee	Development of the Group's sustainability policy and consider the strategy	- Director - Outside Director - General Manager of Business Division - Audit & Supervisory Board Member / Outside experts	4 times / year
Sustainability Subcommittee	Applies strategies decided by upper-level management meetings to business units and Group companies	- Director in charge of Sustainability - Business division general managers - Head of Departments and Sections	4 times / year
environmental measures	- Discusses and recommends key themes based on the environmental policy - Manages medium- and long-term environmental goals - Addresses environmental information-related disclosure regulations (TCFD, TNFD, etc.)	Director and personnel in charge of related departments	10 times / year
sustainable procurement	Enhances the sustainability of procurement activities and the effectiveness of sustainable procurement	Managers and personnel in charge of related departments	7 times / year
sharing of sustainability-related information	- Shares information among corporate related departments to prevent business risk and to build resilient systems - Addresses human rights due diligence	Corporate related departments	5 times / year

2-2. Engagement with Stakeholders

The NH Foods Group recognizes the potential for its operations to directly and indirectly impact nature through its supply chain and is committed to sustainable business operations and procurement. To this end, we have formulated the "NH Foods Group Sustainable Procurement Policy" and the "NH Foods Group Sustainable Procurement Guidelines", and are striving to ensure respect for human rights and reduce environmental burdens throughout the supply chain. Based on these policies and guidelines, we monitor our supply chain using SAQ. Furthermore, as part of our efforts to promote sustainability, we engage in dialogues and regular exchanges of opinions with external experts.

3. Strategy

3-1. Study of Dependencies, Impacts, Risks, and Opportunities

The NH Foods Group is involved in the business of livestock and food product manufacturing. As such, we recognize that our business is highly dependent on and impacts biodiversity and natural capital. Therefore, it is important to ascertain changes in the external environment, analyze risks and opportunities in terms of our business, and identify and address issues that need to be addressed on a priority basis.

This fiscal year, we conducted an analysis based on the LEAP approach guidance proposed by TNFD. We will leverage the results of that analysis within initiatives such as those involved in the stable procurement and supply of proteins, climate change countermeasures, and biodiversity conservation, and will move forward with initiatives aimed at turning Vision2030 into a reality.

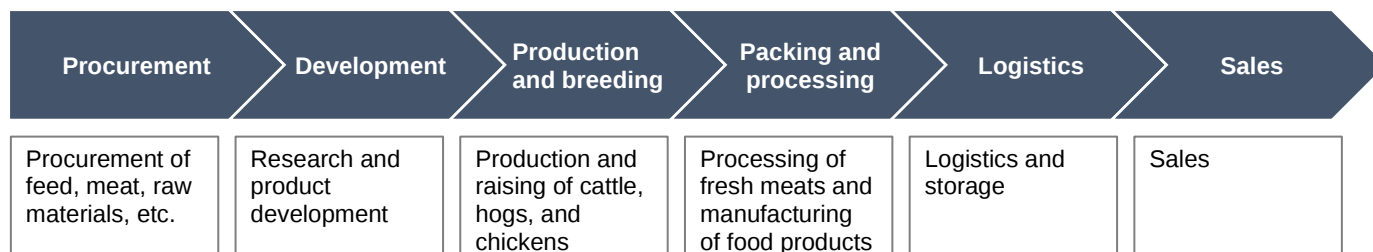
3-2. Process for Investigations Undertaken in Accordance with the LEAP Approach

Scoping	Organization of the value chain activities of the NH Foods Group and setting the scope of evaluation to its own operations and the main raw materials which are subject to procurement.
Locate (Discovery of contact points with nature)	Analyze the relationships with natural capital within the evaluation scope.
Evaluate (Diagnosis of dependencies and impacts)	Conduct analysis of dependencies and impacts on biodiversity and natural capital through ENCORE. Identify dependencies and impact items when it comes to “procurement,” “production and breeding,” and “packing and processing”.
Assess (Evaluation of risks and opportunities)	Create a long list of risks and opportunities for the business which arise from dependencies and impacts on natural capital. Items that are considered to present particularly high impact levels are identified, and responses to risks/opportunities are considered.
Prepare (Information disclosure)	Implementation of information disclosure

3-2-1. Scoping

In addition to the procurement of raw materials from outside sources, the NH Foods Group also conducts production and breeding, packing and processing, logistics, and sales within the Group. While we believe that dependencies and impacts on natural capital at the procurement, production and breeding, and packing and processing stages are significant, the scope of our own operations spans the entire value chain, so the scope of the evaluation was centered on all sites operated by us. Furthermore, since external procurement is an important factor in addition to our own operations, we conducted an extensive review of raw material suppliers of feed ingredients, livestock meat, and processed food ingredients.

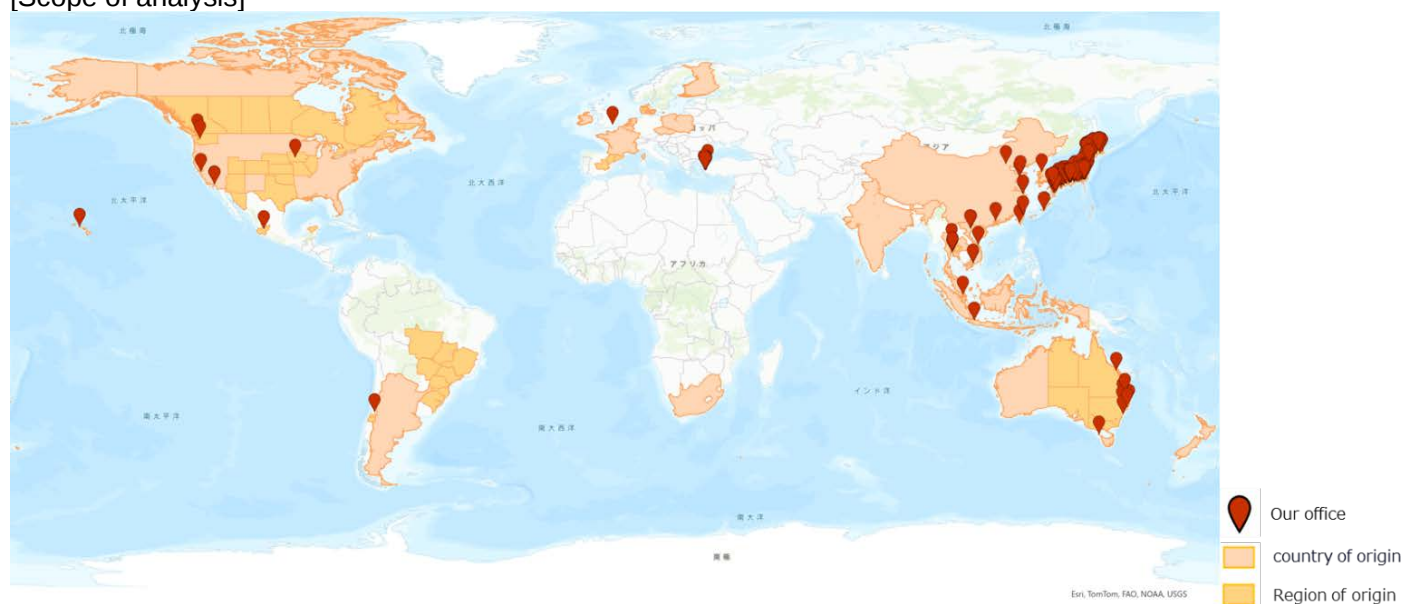
The NH Foods Group Value Chain



3-2-2. Locate: Discovering Points of Contact with Nature

In accordance with the aforementioned evaluation scope, the analysis was conducted across 22 countries/58 regions where our own sites, major raw material suppliers, and places of origin are located.

[Scope of analysis]



[Evaluation items]

The five categories are as follows: “Areas important for biodiversity”, “Areas of high ecosystem integrity”, “Areas of rapid decline in ecosystem integrity”, “Areas of high physical water risks”, and “Areas of importance for ecosystem service provision”.

*The evaluation items are based on the definition of “sensitive locations” proposed by TNFD. <https://tnfd.global/>

*With respect to the disclosure undertaken for this fiscal year, we conducted a comprehensive assessment of our own factories and farm locations and major value chains without identifying priority regions in order to broadly analyze the business as a whole.

[Results]

We have confirmed that several of our sites in Japan are located in “Areas of high ecosystem integrity”. The impact of business activities on the surrounding biodiversity and natural capital is considered to be a potential risk. We also identified several of our own locations overseas that exist within “Areas of high physical water risks”.

With regard to corn and soybeans (the main feed ingredients in the livestock business), we conducted evaluations mainly in the North and South American regions, which constitute main production regions. The result was that we confirmed the existence of some “Areas of high physical water risks”, and “Areas of importance for ecosystem service provision”.

3-2-3. Evaluate: Diagnosis of Dependencies and Impacts

The scope of assessment was evaluated using the ENCORE assessment tool, a tool that analyzes the degree of the dependencies and impacts of corporate activities on biodiversity and natural capital. The results are shown in the table below.

Dependencies on natural capital

Ecosystem services		Value chain activities			
		Large-scale irrigated arable crops	Large-scale livestock production	Food product processing Beverage manufacturing	Distribution
Direct physical input	Fibers and other materials				
	Genetic materials				
	Surface water				
	Ground water				
Enables production process	Pollination				
	Water flow maintenance				
	Water quality				
	Soil quality				
Mitigates direct impacts	Bio-remediation				
	Filtration				
	Dilution by atmosphere and ecosystems				
Protection from disruption	Flood and storm protection				
	Buffering and attenuation of mass flows				
	Mass stabilization and erosion control				
	Climate regulation				
	Disease control				
	Pest control				

VeryHigh
High
Medium

Impacts on natural capital

Impact drivers		Value chain activities			
		Large-scale irrigated arable crops	Large-scale livestock production	Food product processing Beverage manufacturing	Distribution
Input	Terrestrial ecosystem use				
	Freshwater ecosystem use				
	Marine ecosystem use				
	Water use				
Output	GHG emissions				
	Non-GHG air pollutants				
	Water pollutants				
	Soil pollutants				
	Solid waste				
	Disturbances				

VeryHigh
High
Medium

*This is a sampling of the major relevant items found on ENCORE.

We combined the above results with the contents of the SBTN (High Impact Commodity List of the Science Based Targets Network) and our own assessment to make a composite assessment of dependencies and impacts. The following table shows dependencies and impacts that we consider particularly important.

Value chain	Related activities	Dependencies	Impacts
Procurement	Feed and crop production	- Water resources needed for grains and crops - Natural disaster mitigation functions	- Impacts on forests and terrestrial ecosystems due to the expansion of agricultural land - Increased water stress due to water withdrawal for irrigation
Procurement & production and breeding	Livestock production	- Production of feedstuff - Water resources for drinking by and washing of livestock	- Impacts on forests and terrestrial ecosystems due to the expansion of farms - Increased water stress due to water withdrawal associated with livestock production - GHG emissions derived from livestock
Packing and processing	Food product manufacturing	Water resources required for food product manufacturing	- GHG emissions resulting from plant operations - Pollution resulted from solid waste that is generated

In the production of feedstuffs and crops, there are concerns about dependencies on water supply and natural disaster mitigation functions, about increased water stress due to irrigation, and about impacts on forests and terrestrial ecosystems due to the expansion of agricultural land.

In relation to production and breeding, there exist dependencies on water resources used for the production of feedstuffs, for consumption by livestock, and for washing. There are concerns about increased water stress arising due to water withdrawal, about the impacts of farm expansion on forest and terrestrial ecosystems, and about impacts on the atmosphere due to GHG (greenhouse gas) emissions derived from livestock.

When it comes to packing and processing, dependencies on water resources in the manufacturing process, GHG emissions resulting from plant operations, and waste generation present the possibility of impacts on natural capital.

3-2-4. Assess: Evaluation of Risks and Opportunities

In analyzing the risks and opportunities, we referred to the results of the dependency and impact assessment and the TNFD sector-specific guidance content, and through internal workshops held with the relevant departments, we developed a long list of nature-related risks and opportunities that we consider important for the NH Foods Group. The following table shows the risks and opportunities that we consider particularly important.

Category	Classification	Main risks and opportunities assumed	Impact on business	Main response measures
Physical risks	Acute	Intensifying natural disasters arising due to climate change and the degradation of terrestrial ecosystems	- Impacts on assets held - Delays in production activities	BCP maintenance and updates
	Chronic	Decrease in livestock productivity due to climate change and due to water resource degradation and scarcity	- Decrease in meat production - Rising production costs	- Implementation of heat control measures - Effective use of water resources
Transition risks	Regulation	Tightening of GHG emission regulations and imposition of carbon taxes	Rising production costs	- Make energy usage more efficient - Research and development for the reduction of GHGs derived from livestock
	Reputation/ Responsibility	Generation of negative environmental impacts by waste and wastewater	- Loss of reputation in the surrounding area - Damage to brand value	- Compliance with environmental laws and regulations - Reduction of waste volumes
Opportunities	Resource efficiency	Reduce environmental impacts and costs through greater resource efficiency	- Reduction of production costs - Reduction of environmental burdens	- Recycling of waste and wastewater - Reduction of packaging materials
	Market/ Reputation	Increase in environmentally conscious consumption trends Enhancing corporate value and brand value through environmental considerations	- Improvement of brand value - Capturing of future markets	Development of environmentally friendly products

Based on our assessments conducted to date, we recognize that the NH Foods Group's business depends on the disaster mitigation function of ecosystems, and that the degradation of ecosystems arising due to climate change and other environmental changes will serve to increase the risk of severe natural disasters. The impact of GHG emissions on climate change is also a concern as an economic risk which exist due to stricter regulations on GHG emissions and due to the introduction of carbon taxes.

Dependencies on water resources and soil at the "procurement," "production and breeding," and "packing and processing" stages of the value chain results in the generation of risk in case of waste management and wastewater processing (including in terms of the livestock excreta, food debris, and plastics) deficiencies in that there arise impacts on the natural capital which is depended on.

On the other hand, proper management of waste and wastewater does lead to opportunities to improve resource efficiency, reduce costs, and lower environmental impacts. Furthermore, as the trend toward environmentally conscious consumption intensifies, we believe that efforts to reduce packaging materials and the environmental impacts of livestock production will serve to create value in terms of both responding to risk and creating opportunities.

3-3-1. Responding to Risk

The statuses of the responses to each identified risk are as follows.

[Response to the intensification of natural disasters]

As a measure to respond to emergency situations, including natural disasters, the NH Foods Group formulates scenarios that would have a significant impact on its business, selects priority operations, and develops response plans. We regularly update our disaster prevention manual and business continuity plan (BCP) and have established a system to ensure business recovery.

[Responding to climate change risks]

The risk analysis and response measures related to climate change are detailed in [TCFD Report 2023](#).

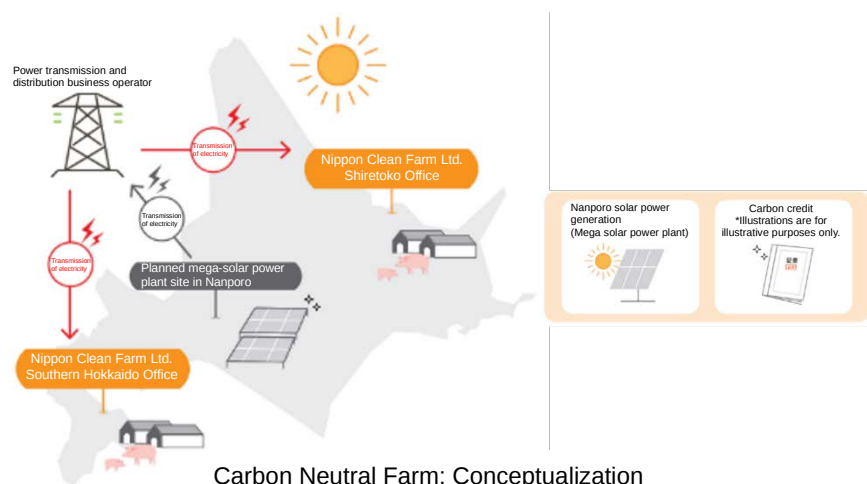
As a result of the short- to long-term risk assessment, the following two areas were rated as presenting particularly significant levels of risk.

- Rise in feed prices and processed food ingredient prices
- Increase in energy costs as a result of the introduction of carbon taxes

Higher feed prices may also be driven by changes in terms of natural capital and by the loss of biodiversity. To address risks when it comes to feed procurement, we are improving feed conversion ratios and promoting utilization of feed consisting of by-product resources.

Pursuing livestock production which involves low levels of environmental burdens constitutes the mission the NH Foods Group. Our aim is to operate carbon neutral farms having electricity provided by solar power facilities, by improving the efficiency of energy usage, and by offsetting livestock-derived GHGs through the use of carbon credits.

In addition to visualizing and disclosing livestock-derived GHG emissions, we are also conducting research and development with external research institutions to reduce livestock-derived GHG emissions.



[Water resource initiatives]

In water stress areas, we monitor water withdrawals and confirm through interviews at each site that the risk is negligible.

“Water withdrawals in high water stress areas (FY2023)”

FY2023 results	Group overall	High water-stress area
Number of production facilities	214 *1	7 (3.3%) *2
Water withdrawal amount (1,000 m³)	19,572	1,114 (5.7%) *3

* Refer to the World Resources Institute' Aqueduct tool

*1 Based on the number of sites as of April 2023. Some sites counted as merged sites due to management of water withdrawal amounts.

*2,3. Recorded the number of sites and % of water withdrawal in high water stress areas out of the total.

[Plastic reduction initiatives]

Plastics are essential for maintaining food quality, but their use of fossil fuels as raw materials and impacts on the global environment due to the marine plastic problem are seen as problems. Since the NH Foods Group uses a large amount of plastic for packaging materials, we have been working for more than 20 years to reduce the amount of plastic used and use environmentally friendly packaging materials.

In April 2024, we also set a new plastic reduction indicators as medium- to long-term environmental indicators. We are striving to reduce plastic pollution by reducing the amount of plastic used at the product design stage, by utilizing environmentally friendly packaging materials, and by recycling packaging materials.

Initiatives to reduce plastic usage and to use environmentally friendly packaging materials

- (1) Packaging for major wiener products was changed to eco-friendly pillow-type packaging. Packaging material weight was cut by 28% *1 (compared to 2022).
 - (2) The use of plastic has been reduced by 21% through the introduction of non-tray packaging for *Chuka Meisai* *2 (compared to 2022).
 - (3) *Sakurahime* chicken product which uses plastic with biomass materials as part of the packaging materials
- *1 Compared with the two-127-g drawstring pouch bundle pack of SCHAU ESSEN (film weight ratio)
*2 Calculated based on the number of shipments of 10 out of 15 *Chuka Meisai* products in 2021



[Compliance with environmental laws and regulations]

We have established a system in which each of our business sites complies with the environmental laws and regulations of the countries or regions where it is located. We have established a system to take measures against items pointed out by internal audit, take corrective measures in accordance with the procedures established at each business site in the event that an environmental accident has occurred, to report the accident to the relevant authorities, and to report and share the information within the NH Foods Group to ensure that appropriate measures are taken.

3-3-2. Responding to Opportunities

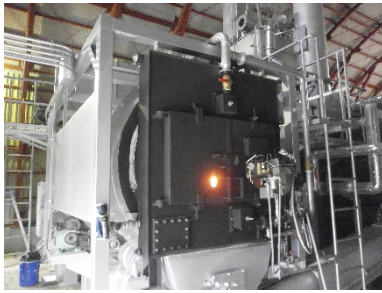
The statuses of the responses to each identified opportunity are as follows.

[Recycling of waste materials]

The utilization of food debris and livestock excreta derived from livestock production is an important issue in reducing environmental burdens. The waste generated in the production and breeding process is composted for resource recycling. In addition, food residue and inedible portions generated during the processing of fresh meats are processed into feed and fertilizer materials through a rendering process*, reducing the environmental impact of waste.

* Inedible parts generated during fresh meats processing are treated with heat and made into raw materials for feed and fertilizer.

In the hog farming business, livestock excreta is processed into compost and returned to farmland. A portion of the crop is sprayed on fields owned by the NH Foods Group in Hokkaido, and the cultivated wheat grains are used as part of the feed for the farmers. This effort is how we are taking on the challenge of recycling-oriented agriculture. In the chicken farming business, chicken manure is used as an auxiliary fuel for biomass boilers, and as a heat source for heating the poultry houses and for hot water used during cleaning. In Miyazaki Prefecture, we are working with local stakeholders to generate power using chicken manure biomass.



Biomass boiler using chicken manure



Composting of hog excreta

[Reuse of wastewater]

A hog farm in Hokkaido*1 recycles wastewater using RO membrane (reverse osmosis) processing and reuses approximately 80% of the raw water from the pigpen as recycled water, thereby contributing to a reduction in water withdrawal. In the Australian beef business, factory wastewater is stored and purified in a water storage tank and reused as irrigation water on our own feed ingredient farms. Methane gas generated during wastewater storage is stored in a biogas plant and used as fuel for hot water boilers.



Wastewater recycling using RO membrane processing



Biogas plants



Reuse of wastewater as irrigation water

*1 Introduced at the Southern Hokkaido Office

[Development of environmentally friendly products]

In the future, it is expected that products will increasingly be chosen for the considerations made in terms of biodiversity and natural capital, not just in terms of climate change. It will be important for the NH Foods Group to actualize the value of environmental considerations and to clearly communicate that value to consumers. The entire Group will promote the provision of sustainable products and services with the aim of contributing to a sustainable society.

Development of the Mealin'Good brand

"A comfortable and better everyday life for both people and planet" Mealin'Good is being developed with this in mind. We will develop products that meet a variety of ethical standards and values under the themes of "Properly care for the the environment and resources," "Provide new food choices" and "Appreciate the value of life".

[Product case study]

As a Mealin'Good brand, we sell *Gras Foie* which uses chicken liver to recreate the taste of foie gras. We are working to make effective use of resources by utilizing chicken livers that are not fully utilized during off-demand periods for food as raw materials.



4. Management of Risks and Impacts

4-1. Risk Management Structure

Company-wide risk management taking place at the NH Foods Group covers risk in an integrated fashion, and the Risk Management Committee has been established to identify risks and to examine policies for dealing with those risks.

Meanwhile, nature-related risks and opportunities along with strategies and indicators are discussed by the Environmental Task Force. A report is then given along with suggestions to the Board of Directors through the Sustainability Subcommittee and Sustainability Committee.

5. Guidelines and Indicators

Through this analysis, we have reaffirmed that our efforts to address climate change, to undertake resource conservation, and to undertake resource recycling (which are among the NH Foods Group medium- and long-term environmental indicators) will serve to contribute to reducing the dependencies and impacts of our operations on biodiversity and natural capital.

Going forward, we will continue our responses in relation to the TNFD's core disclosure indicators as well as consider indicators for the identified risks and promote efforts to achieve existing indicators.

Priority item	Indicator	Scope	Indicator: Year of achievement of 2030
Responding to climate change	Fossil fuel-derived CO2 Reduction of emissions	Domestic	- Reduction of at least 29% of FY2013 levels by FY2026 - Reduction of at least 46% of FY2013 levels by FY2030
		Overseas	- Reduction of at least 17% of FY2021 levels by FY2026 - Reduction of at least 24% of FY2021 levels by FY2030
	Livestock-derived GHGs Reduction of emissions	Domestic Overseas	Promotion of research and technology development to reduce GHG emissions derived from livestock.
Saving of resources Resource recycling	Reduction of waste emissions	Domestic	Reduce intensity per manufacturing volume by 5% compared to FY2019
	Waste emissions Improvement of recycling rates	Domestic	Recycling rate: 92% or more
	Reduction of plastic usage	Domestic	- Reduction of at least 17% of FY2021 levels by FY2026 - Reduction of at least 20% of FY2021 levels by FY2030 * Fossil fuel-derived packaging materials among products subject to the Law for Promotion of Sorted Collection and Recycling of Containers and Packaging
	Reduction in water consumption intensity	Domestic	Domestic: 5% reduction from FY2019 levels
		Overseas	Overseas: 5% reduction from FY2021 levels
	Dealing with water stress	Domestic Overseas	- Identification of areas presenting high levels of water risk - Sustainable use of water resources through risk reduction measures that are tailored to local conditions

In addition, each piece of environmental data is disclosed in a data book.

[Reference][Data Book2024](#) _

6. Participation in Initiatives and External Organizations

Initiative and external organization name	Year of Joining
Task Force on Climate-Related Financial Disclosures (TCFD)	2020
United Nations Global Compact	2023
30 by 30 Alliance for Biodiversity	2023
TNFD Forum (Taskforce on Nature-related Financial Disclosure)	2024