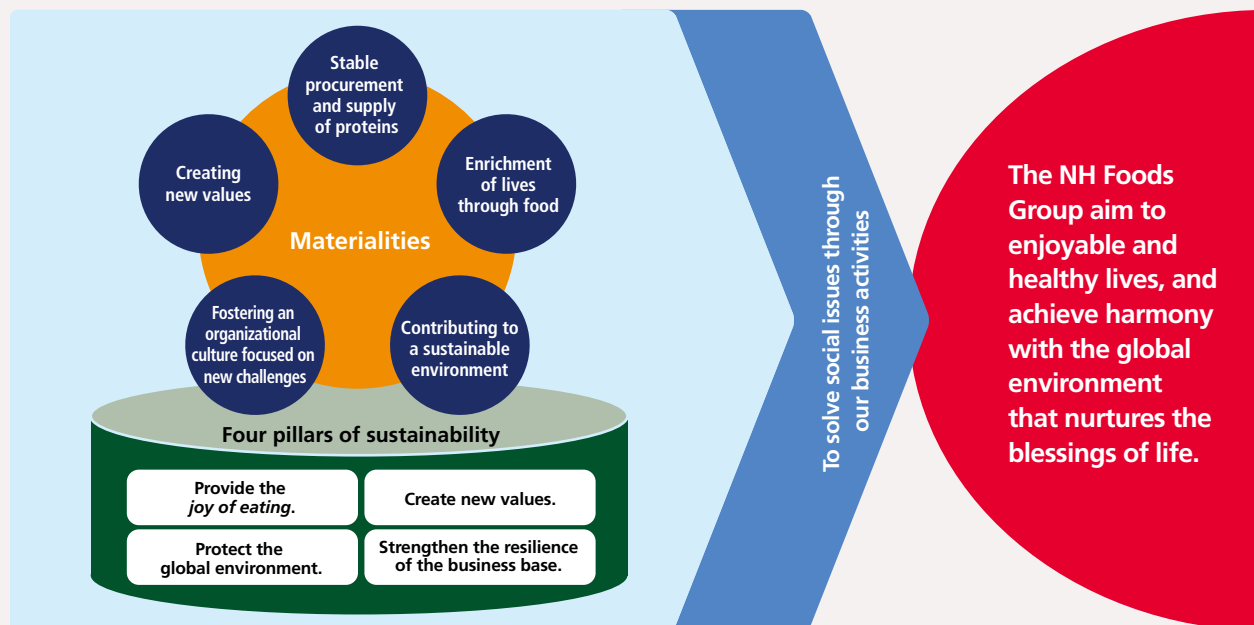




Sustainability management

Overview of our sustainability strategy



Sustainability strategy

Sustainability initiatives are becoming an increasingly important aspect of corporate management. Companies need to address environmental issues such as climate change, as well as a wide array of social issues, including issues involving human rights and human capital. In the livestock farming industry in particular, international attention is being paid to issues such as livestock-derived greenhouse gas emissions and consideration for biodiversity in relation the use of land for rearing and water usage. Also, in Japan, a solution needs to be found for labor shortages at livestock farms.

In April 2024, in conjunction with the formulation of Medium-Term Management Plan 2026, we formulated a new sustainability strategy in order to solve social issues through our business activities, contribute to enjoyable and healthy lives, and achieve harmony with the global environment.

This strategy comprises the four pillars of sustainability: “Provide the joy of eating”; “Create new values”; “Protect the global environment”; and “Strengthen the resilience of the business base”.

Four pillars of sustainability

1. Provide the joy of eating.

We will aim to respond to diversifying lifestyles and values

and to help people and the Earth to feel good through food, as we unleash ideas to create a new “joy of eating.”

2. Create new values.

Global population growth is expected to make it increasingly difficult to supply proteins. We will work to realize the stable procurement and supply of proteins by developing new products, including plant-derived proteins, cell-based foods made using culturing technology, and products made using malt. We will also create communities through community development at F Village and use food as an avenue for co-creation.

3. Protect the global environment.

We will work to reduced fossil fuel-derived CO₂ emissions and collaborate with academic institutions and other partners to pursue research into decreasing greenhouse gas emissions, including methane from livestock. We will also take measures to use less plastic and protect biodiversity.

4. Strengthen the resilience of the business base.

We will respect human rights throughout our entire supply chain and ensure active roles for diverse human resources. Also, as an enterprise engaged in primary industry, we will be considerate of animal welfare.

We will also revise our five materialities in accordance with changes in the business environment and accelerate initiatives addressing priority issues. For example, in the environmental domain, we have set a target for reducing the amount of plastic use as one of our goals for realizing Vision2030 and are working to achieve it.

We work together with various partners to solve social issues through our business activities so we can contribute to the realization of a sustainable society.



Sustainability management

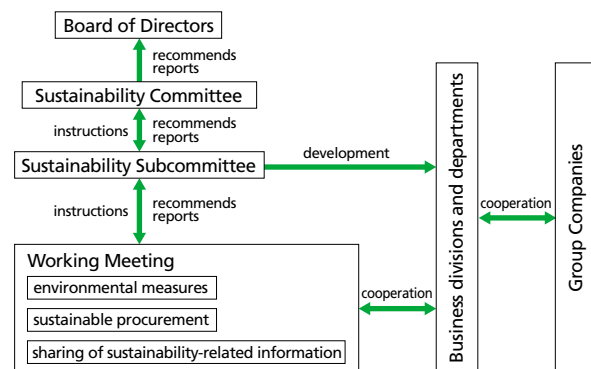
Sustainability promotion system

We have established a Sustainability Committee with the chairperson of the Board of Directors of NH Foods Ltd. serving as chair. In principle, the committee meets at least once every quarter in order to hear the opinions of external experts and outside directors who have expertise in ESG matters and to carry out activities such as formulating sustainability policies and strategies, and checking the progress being made by each Group company. The details of these discussions are reported to the Board of Directors, which makes decisions if necessary.

The Sustainability Subcommittee operates under the committee and comprises the director in charge of sustainability and the heads of major departments and divisions. It has been tasked with formulating specific strategies that correspond to discussions by the committee and developing measures to be carried out by business divisions.

We have also established a Working Meeting to manage environmental measures, sustainable procurement, and the sharing of sustainability-related information, primarily among corporate back-office departments.

Sustainability promotion framework



Activities by Organization

Organization entity	Role	Organization	Frequency	
Sustainability Committee	<ul style="list-style-type: none"> Formulation of the Group's sustainability policy and consideration of strategy 	<ul style="list-style-type: none"> Directors Outside directors General managers of business divisions Audit & Supervisory Board members / outside experts 	4 times / year	
Sustainability Subcommittee	<ul style="list-style-type: none"> Applies strategies decided by upper-level management meetings to business units and Group companies 	<ul style="list-style-type: none"> Director in charge of sustainability Business division general managers Heads of departments and sections 	4 times / year	
Working Meeting	Environmental measures	<ul style="list-style-type: none"> 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.) 	<ul style="list-style-type: none"> Director and personnel in charge of related departments 	10 times / year
	Sustainable procurement	<ul style="list-style-type: none"> Enhances the sustainability of procurement activities and the effectiveness of sustainable procurement 	<ul style="list-style-type: none"> Managers and personnel in charge of related departments 	7 times / year
	Sharing of sustainability-related information	<ul style="list-style-type: none"> Shares information among corporate related departments to prevent business risk and to build resilient systems Addresses human rights due diligence 	<ul style="list-style-type: none"> Corporate departments 	5 times / year

Composition of the Sustainability Committee (As of June 2024)

Position	Name	Role
Chairperson and Director	Tetsuhiro Kito	Committee chairperson
President and Representative Director (President & CEO)	Nobuhisa Ikawa	Committee member
Director and Vice President (Executive Vice President)	Masahito Kataoka	Committee member
Director and Senior Managing Executive Officer	Fumio Maeda	Committee member
Director and Managing Executive Officer	Kohei Akiyama	Committee member
Director (Outside)	Yasuko Kono*	Committee member
Director (Outside)	Tokushi Yamasaki*	Committee member
Managing Executive Officer	Yukihiro Matsumoto	Committee member
Executive Officer	Tadaaki Ito	Committee member
Director of Sustainability Department	Keiko Haruhata	Committee member
Audit & Supervisory Board Member (Outside)	Shigeru Nishiyama*	Observer
Managing Executive Officer	Nobuo Oda	Observer

* Independent officers

Outside expert's Position, Name of the company	Name	Role
Advisor, CSR & Global Environment Center, Daikin Industries, Ltd.	Satoru Fujimoto	Committee member
Satoshi Okazaki Certified Public Accountant Office	Satoshi Okazaki	Committee member
Department of Preventive Medicine and Public Health, School of Medicine, Keio University part time lecturer	Itsuko Horiguchi	Committee member
President and Representative Director, FREX HOTEL	Tsutomu Nakanishi	Committee member



Strengthen the resilience of the business base

Respect for human rights

Formulating the NH Foods Group Human Rights Policy

The NH Foods Group believes that our people are our most important asset and we recognize that we have a social responsibility to respect their basic human rights.

In December 2020, we formulated the NH Foods Group Human Rights Policy, which is based on the UN Guiding Principles on Business and Human Rights determined by the UN Human Rights Council, in order to reaffirm and demonstrate to society our approach and commitment to respecting human rights and to meet the expectations placed on us.

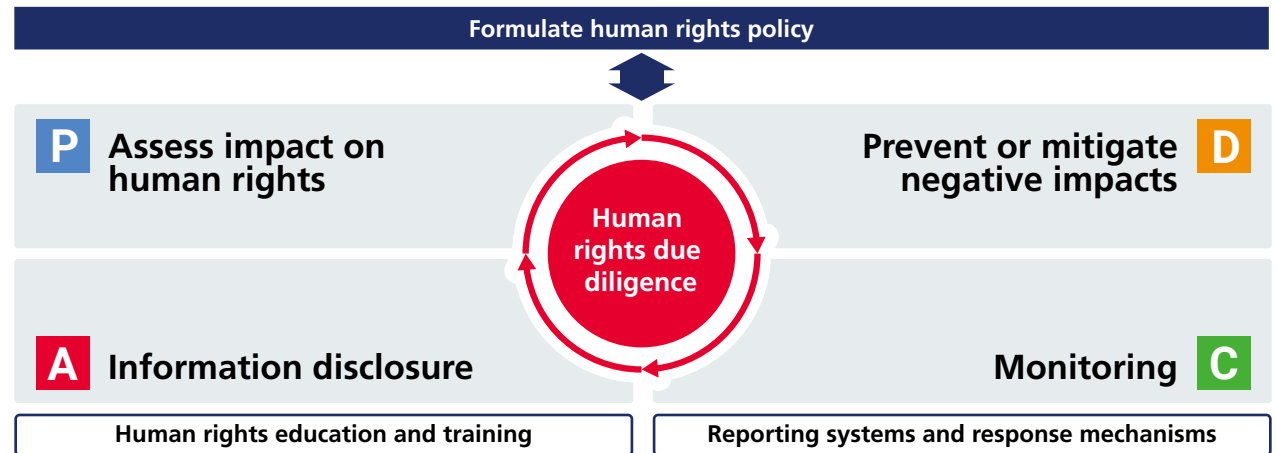
We are implementing human rights initiatives that put this policy into action across the Group as we work to be a corporate group that is trusted by wider society.

Practicing human rights due diligence

In order to implement our human rights policy and respect the human rights of all people that are affected by our business activities, we carry out human rights due diligence in accordance with the UN Guiding Principles on Business and Human Rights.

NH Foods carries out an assessment of impact on human rights every three years and the most recent assessment identified harassment, occupational health and safety, and working hours as risks. Identified risks are managed on a Groupwide basis by the Risk Management Committee. Relevant departments also monitor these risks through interviews and audits.

Human rights due diligence cycle



Human rights education and training

The NH Foods Group Action Standards (Japan version) stipulates respect for basic human rights and forbids any discriminatory action or behavior on grounds including gender, age, nationality, religion, creed, social status, or disability. We work to spread respect for human rights among all employees, including by ensuring the standards are read periodically at each workplace.

Training at each level, including new employee training and management training, incorporate a Business and Human Rights program that teaches the necessity of fulfilling the corporate responsibility to respect human rights and implementing initiatives to achieve this.

By continuously advancing these kinds of initiatives, we are fostering a corporate culture that ensures human rights violations will not and cannot occur.

Reporting systems and response mechanisms

We have established three channels for reporting human rights-related issues (including sexual harassment and bullying), both internally and externally. Reports can be made anonymously. We also ensure that employees are aware of these channels by placing posters in each workplace and distributing cards to all employees.

Supplier monitoring

We require suppliers to understand and comply with our Sustainable Procurement Policy and Sustainable Procurement Guidelines. The status of compliance is monitored and investigated through SAQs*. We interpret incomplete or unclear answers within these questionnaires as a potential risk and carry out interviews to look into the matter.

* SAQ: Self-Assessment Questionnaire



Strengthen the resilience of the business base

Materialities

Fostering an organizational culture focused on new challenges

With the aim of fostering an organizational culture focused on new challenges, management is leading by example by modelling change and taking on challenges. This will encourage the personnel responsible for leading management at workplaces (managers and general managers), as well as all other employees, to fulfill the role expected of their respective positions, driving the transformation of the Group's culture.

From fiscal 2024 onward, we are adding innovation and challenge as items for evaluating the performance of officers and monitoring the progress made every six months. We think that the sight of management members taking on and overcoming challenges will encourage change throughout the organization.

In regard to employees, we are cultivating an organizational culture that acknowledges and appreciates each challenge taken on and that supports new initiatives by encouraging each person responsible for promoting change at each workplace to demonstrate behavior that embodies the spirit of taking on challenges.

Innovation and challenge have been set as important themes in Medium-Term Management Plan 2026. We will encourage all employees to challenge conventional wisdom and create new value to increase dynamism and drive growth throughout the entire organization.

Training and recruiting innovative managers and advancing career development for diverse people

Personal growth

Support for career self-direction and taking on challenges

We are shifting the way careers are approached within the Group from seeing them as something provided by a company to seeing them as something that the employee and company build together. We are empowering employees

to envision their own career and to grow accordingly.

We have strengthened the engagement of “challenge” as one of the items in our employee management by objectives system and revised the system so that from fiscal 2024, evaluations will not only assess results, but also challenge processes. Our aim is for the system to encourage employees to take on various challenges and in doing so, feel that they are realizing personal growth.

We have also introduced various career development systems, including career counseling to enable employees to actively design their own career path, as well as an in-house proposal system and the Employee Self-Realization System, which are available to all employees.

In fiscal 2023, in order to support reskilling in a way that facilitates career self-direction, we introduced subscription-based e-learning with content that employees can select freely. We believe that enabling employees to take control of their careers and acquire skills that will help them make an impact within the company will lead to not only individual growth, but also organizational growth. Employees also take career planning seminars for each age group so that they can review their career path so far and receive support for considering and adjusting their future career plans. Other initiatives include establishing career support channels and providing employees with access to career consultants. Employees aged 49 and 54 who have participated in the career planning seminars can meet with external career consultants while employees in their first five years with the company can meet with inhouse career consultants.

Organizational growth

Training and recruiting innovative managers

Training and recruiting innovative managers is a key focus of Medium-Term Management Plan 2026 and we are enhancing the training and recruitment of human resources who can take the lead on organizational transformations and taking on challenges. We are developing next-generation executives through selection, education, and transfer

programs spanning the entire Group. We provide opportunities for selection to each level of employee to provide a diverse range of employees with an early gateway to becoming a next-generation management candidate.

Also, we are working to recruit innovative managers by strengthening the recruitment of mid-career employees with management skills or specialized expertise. Ensuring our workforce contains people with diverse expertise will broaden opportunities for business growth and the creation of innovation and organizational value.

We are also strengthening initiatives that help new employees to hit the ground running, such as onboarding. Going forward, we will continue to hold discussions with the aim of realizing organizations that empower diverse human resources, including establishing systems that help recruits to advance their careers.

Diversity, equity, and inclusion

Career development for women

Women in management positions

We are working toward achieving the target of a percentage of women in management positions of 20% or higher by fiscal 2030 by fostering a pool of candidates for management and supervisory positions. As part of this, we aim to ensure that at least 40% of new graduate recruits are women. We are also working to prevent employees leaving due to pregnancy, childbirth, and childcare and to respond to feedback from employees who are worried that taking childcare leave will derail their careers by enhancing interviews with employees eligible for childcare leave both before and after taking the leave and by enabling employees to take training and certification exams during the leave period.

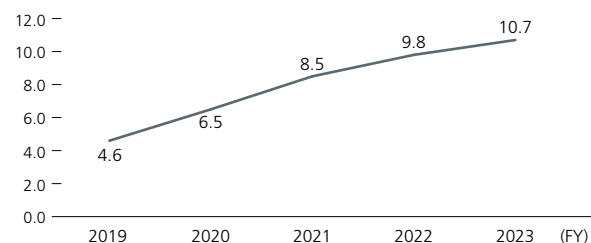
We are also aiming to realize the same employee retention rates for women as for men by enhancing career counseling and supporting continued employment and career building. Going forward, we will formulate and further strengthen the implementation of measures that help support the active participation of women.



Strengthen the resilience of the business base

Materialities

Percentage of female managers (%)



Gender wage gap

At NH Foods Ltd., although there is no difference in wages at the time of recruitment, employees who have been with the company for many consecutive years tend to have higher salaries, and a high proportion of these are men. At the same time a high proportion of associate workers, which includes locally employed employees and temp staff, are women. This has resulted in a gender wage gap and the figures for fiscal 2023 are shown in the table to the right.

Please note that figures in the statutory disclosure items section of the table to the right have been calculated based on the Act on the Promotion of Women’s Active Engagement in Professional Life, and the figure for “all employees” includes both career employees and contract employees working full-time hours on an unlimited-term contract. Therefore, in order to provide a picture that more clearly represents the situation at the company, we also calculated figures for the wages of career employees only (as well as a breakdown of managers and general employees) as voluntary disclosure items. For career employees, there are no discrepancies in the wages of employees in the same position, so the gap is due to factors such as the proportion of employees by rank, the proportion that are locally employed, number of consecutive years worked, and number of working hours.

Going forward, we will work to close the wage gap between male and female employees by introducing workstyles that fit different life stages, increasing the percentage of women in management positions, and strengthening career development support for women.

Difference between the wages of male and female employees*1 (%)

Item		FY2023
Statutory disclosure items	All employees*2	60.9
	Full-time employees*3	63.3
	Temp employees*4	69.8
Voluntary disclosure items	Career employees	70.1
	Managers	96.4
	General employees	76.3

*1 Gender pay gap refers to the percentage difference between the wages of male and female employees calculated based on the Act on the Promotion of Women’s Active Engagement in Professional Life

*2 All employees: Employees and temp employees

*3 Full-time employees: Career employees and contract employees working full-time hours on an unlimited-term contract

*4 Temp employees: Part-time employees and non-career employees on a fixed-term contract. Excludes dispatch employees.

Maintaining work environments

In order to recruit and retain human resources, we are working to reduce total working hours, support the balancing of work with childcare, nursing care, and treatment of illness, and realize flexible work styles. In fiscal 2024, we streamlined work processes to improve operational efficiency and created time for employees to take on the challenge of new types of work.

Health management

We are promoting health management under the Health and Safety Declaration made by top management. NH Foods Ltd. is working to help employees avoid

lifestyle-related diseases and prevent mental unwellness through initiatives such as enhancing health guidance by occupational health professionals and using stress checks to improve workplace environments. Specifically, it is putting a greater focus on preventative measures, such as enhancing screening to identify high-risk individuals and revising the implementation of stress checks, and strengthening industrial health staff systems. Going forward, it will further advance health management by working to improve consultations with public health nurses, establish and implement health measures in collaboration with health insurance associations, and raise health literacy (self-care and line-care).

Occupational safety

The NH Foods Group regards the health of each and every employee as an important management foundation. Based on this, we introduce occupational health and safety management systems, especially at manufacturing plants, and strive to maintain and improve occupational health and safety levels.

We also work to strengthen the coordination and improve the knowledge of supervisors on a daily basis through initiatives focused on safety supervisors, including holding study sessions and enabling supervisors from different business locations to tour each other’s workplaces.

In the event of a workplace accident, we share details of what happened and response measures throughout the Group in a timely manner to prevent similar incidents from occurring.

We will continue to raise occupational health and safety levels through study sessions and information sharing with external experts, to foster a safety culture, and to ensure thorough compliance with relevant laws and regulation by strengthening governance concerning occupational safety.



Strengthen the resilience of the business base

Initiatives that take animal welfare into consideration

Animal welfare is an approach that aims to reduce the stress and suffering of livestock and make them more comfortable throughout their entire lifespan, from birth through to processing.

We benefit from the bounty of nature on a daily basis, so we believe that it is important to operate businesses in a way that takes animal welfare into account. We are also aware that reducing stress and controlling illness in our animals by rearing them in comfortable environments can lead to improved food safety.

Formulating core values, guidelines, and targets

We formulated the NH Foods Group Animal Welfare Core Values and the NH Foods Group Animal Welfare Code of Conduct, which firmly sets out the conduct we expect under the core values, to promote business that takes animal welfare into consideration. We have also set targets to be achieved by fiscal 2030.

These provide a foundation for each Group company to organize specific management frameworks and procedure manuals in line with the characteristics of its business. Furthermore, Nippon Clean Farm Ltd., which operates the Group's pig rearing business, is holding internal workshops and has established an animal welfare consultation channel in order to raise awareness of animal welfare among employees and raise the effectiveness of initiatives.

Animal welfare targets

Measures	Indicators	Progress (as of June 2024)
Elimination of gestation crates (pigs)	Complete at all farms* in Japan by fiscal 2030	9.5%
Installation of drinking water facilities in lairage pens at meat processing plants (pigs and cattle)	Complete installation at all meat processing plants* in Japan by fiscal 2023	Cattle: 100% Pigs: 100%
Installation of cameras at farms and meat processing plants to ensure environmental quality	Complete installation at all farms and meat processing plants* in Japan by fiscal 2024	Cattle meat processing plants: 100% Pig farms and meat processing plants: 100% Chicken farms and meat processing plants: 94%

* For companies in which the NH Foods Group holds a majority stake



A free-range sow gestation house (Nippon Clean Farm Ltd.)



Sunshades installed to protect cattle from direct sunlight (Whyalla Beef Pty. Ltd.)

Participation in round table discussions on animal welfare

As part of Group efforts to promote business that is considerate of animal welfare, we participated in a round table discussion hosted by the Laboratory of Applied Ethology in Shinshu University's Faculty of Agriculture. This discussion enabled an exchange of opinions between experts and participants from the private sector and government.

FY2023 round table discussion

Date	April 25, 2023
Place	allia Community Center for Youth and Industry
Host	Kenichi Takeda Professor, Institute of Agriculture, Academic Assembly Shinshu University, and others
Participants	<ul style="list-style-type: none"> • Researchers in livestock-related fields • Members of private sector companies, government organizations, and others • NH Foods' Sustainability Department
Main content of discussion	A lecture was held on animal welfare initiatives, followed by an exchange of opinions regarding the latest information concerning animal welfare from Japan and overseas, recent trends, and specific initiatives.



Protect the global environment/Strengthen the resilience of the business base

Making effective use of livestock excretion

The NH Foods Group is engaged in chicken and pig farming in Japan and cattle farming in Australia, handling every step of the process, from rearing through to sale, in-house. The excretion produced when raising livestock accounts for the largest amount of waste generated within the Group. As urine and manure can be effectively used as resources, we are converting it into compost and biofuel for growing vegetables, thereby helping to reduce CO₂ emissions.

Composting initiatives

Chicken, pig, and cattle manure can be fermented to create compost, which is a useful resource for agriculture.

As an example of these initiatives, the Tohoku Business Division of Nippon White Farm Co., Ltd., located in Aomori Prefecture, is selling compost produced from chicken manure to local farmers for cultivating burdock root and Chinese yams.

Nippon Clean Farm Group companies are also using compost made from pig manure as a fertilizer for growing vegetables in-house.

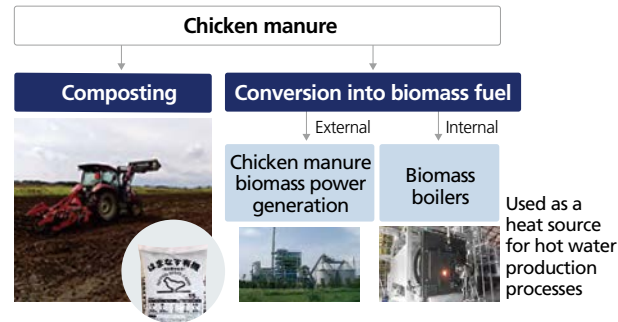
Whyalla Beef Pty. Ltd. in Australia is composting cattle excretions to grow barley and cottonseed for use as cattle feed, some of which it includes in its own feed formulations.

Biofuel initiatives

Some of the poultry manure that is not composted is burned in biomass-fueled boilers which serve as a heat source for the hot water used to heat and clean chicken houses. In Miyazaki Prefecture, we established Japan's first poultry manure biomass-fueled power generation business in 2003 through a joint investment with poultry farmers,

agricultural cooperatives, and other businesses. As part of this effort, we have been working to convert poultry manure into fuel for more than 20 years now. This project was also selected as a recipient for the “2023 Regional Coexistence-type Renewable Energy Project Awards” administered by the Ministry of Economy, Trade and Industry's Agency for Natural Resources and Energy. Additionally, we subject pig manure to anaerobic fermentation and use the methane gas generated during this process as boiler fuel. This approach generates fewer CO₂ emissions compared to kerosene-fueled boilers.

Using chicken excretion effectively



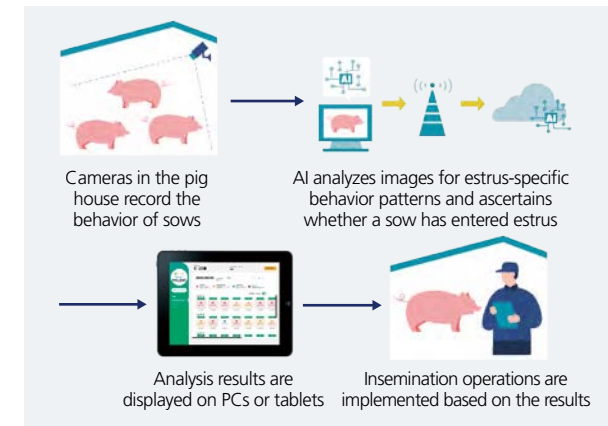
Pioneering the future of livestock farming through digital technology

Materialities

In December 2023, Nippon Clean Farm Ltd. opened Raiman Farm, a new pig breeding facility in Takko, Aomori Prefecture. The farm is the first facility to officially adopt PIG LABO® Breeding Master, an AI-powered pig estrus detection service jointly developed by NH Foods Ltd. and the NTT DATA Group.

The number of farmers engaged in livestock farming in Japan has been declining since 1980 and the aging of skilled, experienced pig handlers and a lack of people to inherit their skills have become issues. PIG LABO® has been created to solve these issues. The first service to be released through this initiative is PIG LABO® Breeding Master, an estrus detection service that uses AI and a number of cameras installed in pig houses to detect estrus in sows. Previously, this task required long hours of observation by an experienced farmer, but AI enables judgment to be made accurately and efficiently, raising pig rearing productivity and improving work conditions.

System overview



Raiman Farm is spread over 10,000 m² of land and contains eight pig houses that are used to farm as many as 3,000 sows. It also uses gestation crate-free systems and takes animal welfare into account.



Provide the joy of eating

Materialities

Leading the future of sustainable food and health

At the NH Foods Group, we want to continue providing people with “the joy of eating.” For example, we are catering for diverse food needs by delivering food allergy-friendly and health-conscious products. We are also working to provide a stable supply of the proteins that are essential for life by advancing initiatives that lead to the future, such as the development and commercialization of new forms of protein.

Catering for food allergies

We have been tackling food allergies for a quarter of a century so that people with food allergies and people without allergies can enjoy delicious food with peace of mind. We also continue to raise awareness and support research through the Nipponham Foundation for the Future of Food.

Food allergy-friendly products

We develop and sell the *Minna-no-Shokutaku* series as a food allergy-friendly brand. This series includes staple foods such as rice flour bread, in addition to accompanying foods like ham and sausages. All of the products are manufactured at a special-purpose factory where eight specified allergen ingredients (eggs, milk, wheat, buckwheat, peanuts, shrimp, crab, and walnuts) are banned and they undergo strict inspections before being delivered to consumers.



Minna-no-Shokutaku
Loin ham



Minna-no-Shokutaku Soft and
fluffy rice flour bread - slice

Development and sale of allergen test kits

Depending on the patient, food allergies can have life-threatening effects, so proper labelling is essential. The NH Foods Group has been developing and selling allergen test kits for over 25 years and our kits are used by a large number of food manufacturers and public inspection agencies.

Sharing allergy information

We strive to help people who are worried about food allergies by sharing accurate information and carrying out awareness raising activities. *Table for All* for food allergy care is a comprehensive food allergy support website which provides explanations of how to understand allergy labelling, recipes that are free from specified allergen ingredients, and information on allergy-friendly products. Content is posted under the supervision of medical specialists. Furthermore, it also provides free nutritional counseling.

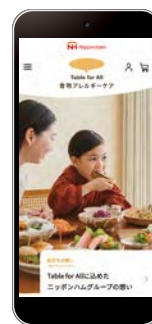


Table for All for food
allergy care

Healthy Living Initiatives

Preventing frailty

Frailty is the term for the decline in a person's muscle strength and physical and mental functions that accompanies aging. We recognize that protein intake is an effective means for preventing frailty so we are helping people to stay healthy and improve their quality of life by providing meat intake proposals, easy-to-eat food products, and products that enhance physical functions.

Raising awareness through prevention programs

Since 2023, we have been collaborating with Kansai Medical University, Heiwado Co., Ltd., and Koga Software Inc. on a program to prevent frailty in old people, which involves holding seminars on health improvement methods with the potential to reduce physical age by five years. This program encourages practical lifestyle changes by combining protein-rich diets and exercise. This contributes to keeping elderly people healthy and improving their quality of life.



Developing products that contribute to frailty prevention

One of the main causes of frailty is undernutrition, so we are providing products that put a particular focus on protein intake. One example is *Tender Sirloin Steak*. We use vacuum cooking to soften sirloin steaks containing plenty of red meat, giving them a texture which elderly people with weaker chewing power can enjoy safely.

Product development that contributes to health

In April 2024, we launched *IMIDEA Energy Mainte* containing imidazole dipeptide and GABA, which are ingredients that help maintain muscle strength. These products support customers in maintaining healthy brains and muscles, fostering a balance of physical and mental health.



IMIDEA Energy Mainte



Provide the joy of eating

Providing products that utilize the bounty of nature

As a Group that utilizes the bounty of nature, we believe it is important to make full use of this bounty without waste. For example, we reuse the bones and skin discarded during processing as a soup ingredients and bag materials, and also as a source of health food ingredients such as collagen. Additionally, we were not making sufficient use of waste such as pig and chicken cartilage and pig placentas previously, so we are now extracting functional ingredients such as collagen, placental extract, and chondroitin from them in order to develop and deliver products that are scientifically proven to be safe and effective.



Providing diverse forms of protein

Materialities

Protein is an essential nutrient for life, it is thought that in the future, supplies will not be able to keep up with the increasing demand for food created by global population growth.

The NH Foods Group is Japan's largest supplier of protein, so we will engage our creativity without being bound by conventional thought to expand the possibilities of the proteins that power life and to create and deliver diverse ways to consume protein.

Expanding plant-derived protein products

As diets become more diverse, there is growing need for a wider selection of protein sources. Therefore, the Group supplies products made from protein-rich soybeans, which are known in Japan as *hatake no niku* ("meat from the soil").

We offer a wide range of products, including cooked processed foods like fried chicken and hamburgers, and seafood substitutes that do not contain fish. These are available as consumer products for retail stores and commercial products for restaurants and convenience stores.

Also, in addition to Japan, we are exporting products to meet high demand for plant-derived protein products from overseas.

In September 2023, we established the Japan Soy Meat Association together with four other food manufacturers that make meat alternatives from soy beans. The association is leading industry collaboration on activities such as promoting soy-based products to regular households and establishing manufacturing rules.



Research and development on cell-based food

With demand for meat growing worldwide, we are developing technologies that use cultured animal cells to manufacture food with the aim of providing a stable supply of animal protein into the future.

As part of this effort, since 2019, we have been conducting joint research on cultivated meat with IntegriCulture Inc., a startup company focused on

cell-based foods. Additionally, NH Foods Ltd.'s Research and Development Center is tackling technological issues, including culturing methods and cell quality to produce cells more efficiently.

In October 2022, we announced that we had succeeded in cultivating bovine and chicken cells by replacing the main components of the culture medium required for culturing cultivated meat cells, which had previously been derived from animals (serum), with those derived from commonly distributed foodstuffs. This success has made it possible to replace animal serum, which accounts for a large proportion of the cost of the culture medium, with foods that can be procured cheaply and stably, furthering progress toward the social implementation of cell-based foods in the future.



Research on malt as an ingredient

The Group is advancing research and development on new foods that use malt as an ingredient. Malt has traditionally been used in the production of fermented products, including uniquely Japanese products such as miso, soy sauce, and sake. It offers excellent nutritional value, including protein and fiber levels comparable to those of soybeans, which are known as "meat from the soil," and it is seen as a potential solution to future shortages of protein.





Protect the global environment

Medium- to long-term environmental targets

Following the formulation of Vision2030—Unleash new potentials for protein—and the five materialities (key issues), the NH Foods Group has set medium- to long-term targets based on the materiality of “contributing to a sustainable environment.” These targets are to be achieved by 2030.

For details regarding fiscal 2023 results and progress regarding these targets, please see the NH Foods Ltd. website.

Medium- to long-term environmental targets (to fiscal 2030)

Priority issue	Target: Year of achievement 2030	Scope	Result in FY2023
Responding to climate change Materialities	Reduce CO ₂ emissions from fossil fuels ● Japan: FY2023 target of 15.9% or higher compared to FY2013 FY2026 target of 29% or higher compared to FY2013 FY2030 target of 46% or higher compared to FY2013 ● Overseas: FY2026 target of 17% or higher compared to FY2021 FY2030 target of 24% or higher compared to FY2021	All business sites in Japan and overseas	● Japan: Reduction rate: 21.3% ● Overseas: Reduction rate: 8.4%
	Promote research and technological development to control and reduce greenhouse gases derived from livestock	—	—
Saving and recycling resources	Reduce waste emissions 5% reduction per production unit compared to FY 2019 in Japan	Product manufacturing plants at the Group's domestic locations, etc.	Reduction rate: 9.5%
	Achieve a waste recycling rate of at least 92% by FY2030	All business sites in Japan	92.2%
	Reduce plastic use Materialities ● Japan: FY2026 target of 17% or higher compared to FY2013 FY2030 target of 20% or higher compared to FY2013 Note: for products subject to the Containers and Packaging Recycling Law in Japan	—	—
	Reduce water consumption per production unit ● Japan: Reduce 5% compared with FY2019 levels ● Overseas: Reduce 5% compared with FY2021 levels	Product manufacturing plants at the Group's domestic locations, etc.	● Japan: Reduction rate: 0.7% ● Overseas: Reduction rate: 2.4%
	Identify which of our business sites in both Japan and overseas are in regions with high levels of water risk, take action to lower this risk in accordance with the situation in each region, and use water resources in a sustainable manner	—	—
Addressing biodiversity	Raise the ratio of RSPO-certified palm oil used (target: 100%, including book & claim)	—	0%

Responsible water usage

Reuse of water through advanced wastewater treatment

Nippon Clean Farm Co., Ltd. is the NH Foods Group's pig rearing company and it ships the largest amount of pig products in Japan. In January 2022, it began operation of an advanced reverse osmosis (RO) filtration unit at its Donan Office which uses RO filtration to filter the impurities from wastewater. As more than 80% of the treated water is reusable, this method can significantly reduce water consumption. The reclaimed water is used for cleaning and other tasks.

Reusing coolant water

At food products plants operated by the Nippon White Farm Group which is in charge of the production, treatment, and processing of chicken, 10% of water consumed is reused water. Most of this reused water is water kept at a temperature of between 2 and 5°C which is used for refrigerating carcasses after processing. Carcass refrigeration has two stages, precooling and main refrigeration. Some of the water used for main refrigeration is mainly reused for precooling. Overflow water used for precooling is mainly reused as cleaning water at the showers during the preprocessing stage.

Making effective use of rainwater

In November 2022, Nipponham Southwest Ltd. installed rainwater filtration equipment for collecting and reusing rainwater on parts of the roofs of some of its plants. As of August 2024, it has contributed to the effective use of water resources by collecting 2,240 m³ of rainwater and reusing it, primarily for the automated cleaning of sludge dehydrating equipment in its waste water treatment facilities and for dissolving chemicals. As the rainwater filtration equipment cannot be operated during longer spells of good weather, research was carried out into ways



to raise operating rates. This led to the idea of connecting the equipment to nearby facilities so that it can also collect waste coolant water, thereby increasing the amount of water reuse.

Rainwater filtration equipment



Protect the global environment

Responding to climate change

Materialities

In 2020, the Group endorsed the proposal presented by the Task Force on Climate-related Financial Disclosures (TCFD)*, and since May 2022, we have been disclosing information such as the results of our scenario analyses.

* The Task Force on Climate-related Financial Disclosures (TCFD) was disbanded in October 2023. Since 2024, its role has been taken over by the International Financial Reporting Standards (IFRS).

Risks and opportunities identified based on scenario analysis and current status of response

Major risks and opportunities		Occurrence timeframe ^{*1}	Impact on business	Financial impact 1.5/2°C to 4°C	Status of response
Physical risks	Rising breeding costs due to increase and instability in feed costs	Hogs and chickens bred in-house	Medium to long term	Financial impact: No impact to 5.3 billion yen ● Instability in the procurement of raw materials ● Rising costs for meat production	Large (No impact to 5.3 billion yen) ● Efforts to improve feed conversion ratio (*2,3) ● Collaborations with feed companies to develop feed using locally produced raw materials ● Securing grain through recycling-oriented agriculture using in-house hog manure
		Processed food ingredients (pork)	Medium to long term	Financial impact: No impact to 2.2 billion yen ● Rising costs for processed food production	Large (No impact to 2.2 billion yen) ● Taking climate change into consideration, developing new business partners and expanding procurement sources in and throughout countries and regions ● Improving manufacturing costs and revising product prices
	Effect of rising temperatures on livestock growth		Medium to long term	● Decrease in meat production ● Rising costs for meat production	Medium ● Implementation of heat control measures
	Higher risk of disasters at sites		Short to long term	● Damage to owned facilities ● Decline in manufacturing activity, delayed shipments	Small ● Strengthening equipment against flood risks ● Strengthening product supply systems in times of disaster
Greater water stress at sites		Short to long term	● Decline in manufacturing activity	Small ● Efficient use of water resources at sites with high water stress risks	
Transition risks	Rising energy costs from the introduction of a carbon tax	Medium to long term	Financial impact: 13 to 20 billion yen ● Rising production costs	Large (13 to 20 billion yen) ● Efficient energy use and fuel conversion in processing and manufacturing processes ● Expanding use of renewable energy ● Reducing logistics emissions by converting to low-emission vehicles and improving logistics efficiency	
Opportunities	Increase in environmentally conscious consumption trends	Short to long term	● Reduction of packaging costs ● Future market acquisition	Medium ● Developing products with high sustainability value ● Product development using new proteins ● Research and development of new proteins	
	Growth of the market for new proteins	Short to long term	● Future market acquisition	Large	

*1 Occurrence timeframe: Short term: Less than 3 years, Medium term: 3–10 years, Long term: Over 10 years *2 Indicates that adjusting the composition of grains, etc., in a compound feed to be suitable for growth and promote efficient weight gain.

*3 The results of the scenario analysis for feed conversion ratio suggest that there may be a partial impact but not a major impact.

Indicators and targets

Indicator	FY2030 target	Subject	FY2022 results
Fossil fuel-derived CO ₂ emissions	Reduce by 46% or more (compared to FY2013)	All sites in Japan	Amount of increase decrease: -102,828 t-CO ₂ Progress rate: 40.6%
	Reduce by 24% or more (compared to FY2021)	All sites overseas	Amount of increase decrease: -2,809 t-CO ₂ Progress rate: 8.2%

Information Disclosure Based on the TCFD Framework

Details regarding governance, strategy, risk management, indicators and targets, and scenario analysis are being disclosed through the Company's website.

This report mainly focuses on fiscal 2023 changes and developments regarding identified risks and progress on handling these.

Indicator	FY2030 target	Subject	FY2022 results
Water consumption per unit of production	Reduce by 5% (compared to FY2019) FY2030 target reduction: 0.8 m ³ /t	Processing and production sites in Japan	Amount of increase / decrease: +0.2 m ³ /t Progress rate: -25.0%
	Reduce by 5% (compared to FY2021) FY2030 target reduction: 0.6 m ³ /t	Overseas processing and production sites	Amount of increase / decrease: +0.5 m ³ /t Progress rate: -83.3%



Protect the global environment

Increase and instability in feed costs (Physical risk)

The Group is engaged in livestock production business, so there is concern that the price of grain feed might increase due to population growth, rising temperatures, droughts, and competition from enterprises wanting to use grain as a biomass fuel. In the scenario analysis, it was predicted that procurement costs will increase under the 4°C scenario. We are continuing to analyze risk by livestock type and region. Additionally, rising instability in grain exporting countries is also driving feed prices upward.

To counter this, we are revising product prices, working to improve feed conversion ratios, and advancing the development of technologies to reduce feed costs. Also, in response to cost rises and shortages, we are working to build a stable procurement network by cultivating new suppliers.

Effect of rising temperatures on livestock growth (Physical risk)

Livestock growth is greatly affected by temperature and humidity. The results of analysis of the Group’s production sites in Japan, Australia, and Turkey show that daily weight gain may deteriorate as temperatures rise. Rising temperatures also pose a potential long-term risk in regard to meat procurement costs.

Status of response

Livestock	Country	Main measures
Chickens	Japan	Cooling pads, misting equipment
	Turkey	Cooling pads
Hogs	Japan	(All areas) Shading nets (Some areas) Spot coolers, cooling pads, roof sprinklers, additional airflow and exhaust fans
Cattle	Australia	Installation of sunshades per section

Rising energy costs from the introduction of a carbon tax (Transition risk)

Under the 1.5°C/2°C scenario, the introduction of a carbon tax on fossil fuel-derived CO₂ emissions is possible. This would have a significant financial impact on business. Furthermore, the application of a carbon tax on emissions from livestock is also a possibility, so we are considering measures to reduce these emissions. If the price of fossil fuels also continues to rise due to the impact of the international situation, electricity prices in Japan could be affected by about one to two billion yen per year up to 2030.

Currently, we are carrying out the following measures.

Reduction of fossil fuel-derived CO₂ emissions

- Promote the introduction of solar power generation on Company premises, etc.
- Use waste oil boilers that utilize used frying oil as well as recovered oil in wastewater as fuel
- We are aiming to operate a carbon neutral farm by 2026 by supplying electricity generated by a solar power generation facility with an annual capacity of approximately 3,000 MWh to be installed in the town of Nanporo, Hokkaido, to the Group’s hog facilities, as well as by improving the efficiency of energy use and offsetting through biogenic GHG credits
- Installation of a wastewater-derived biogas plant in Australia
- Introduction of energy-saving equipment
- Incorporation of the concept of Internal Carbon Pricing (ICP) when installing and updating equipment that costs more than a certain amount, and raising awareness of CO₂ costs

Reduction of livestock-derived greenhouse gas emissions

- The domestic hog farming business uses biogas generated from waste and wastewater treatment as energy
- Research to reduce methane emissions from livestock

Reason for identification

Scenario	Geographic area	Item	2030	2050
Assuming 2022 emissions	Domestic	Carbon tax impact (hundreds of millions of yen)	84	161
		Emissions (thousand t -CO ₂)	459	459
	Overseas	Carbon tax impact (hundreds of millions of yen)	26	49
		Emissions (thousand t -CO ₂)	141	141
Assuming achievement of reduction targets (Horizontal drop from 2030)	Domestic	Carbon tax impact (hundreds of millions of yen)	54	104
		Emissions (thousand t -CO ₂)	297	297
	Overseas	Carbon tax impact (hundreds of millions of yen)	20	38
		Emissions (thousand t -CO ₂)	109	109

* Financial impact is calculated using FY2022 emissions vs. if FY2030 reduction targets are achieved.

* Carbon tax pricing reference: Net Zero by 2050 scenario from the IEA World Energy Outlook 2021 (equivalent to 1.5°C target)
Set price: FY2030: 130 USD/t-CO₂, FY2050: 250 USD/t-CO₂, \$1 USD = 140 yen

Growth of the market for new proteins (Opportunity)

In the future, the meat market and the market for new proteins are forecast to grow as demand for protein increases due to global population growth. Increased health consciousness and movement toward a decarbonized society are also expected to grow the market for new proteins. In a decarbonization scenario, the market is expected to exceed several tens of trillions of yen, which represents a major long-term business opportunity. In response, we are developing the *NatuMeat* series of plant-based products, as well as seafood substitute products, and we are also considering overseas expansion. Additionally, we are engaged in research into cultivated meat made from livestock-derived cells and the development of culture media that can reduce costs.



Protect the global environment

Biodiversity initiatives

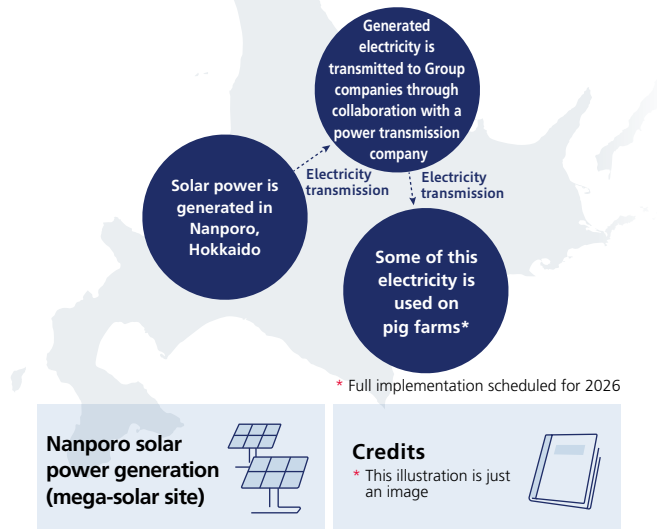
As a Group engaged in livestock farming and the manufacture of meat products, we recognize that our business activities are both largely dependent and have a significant impact on biodiversity and natural capital. Therefore, we think it is important to analyze business risks and opportunities emerging from changes in the external environment, identify issues that are a priority, and then implement a response.

Accordingly, we have endorsed the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and in fiscal 2023, we carried out an evaluation using guidance on the LEAP approach recommended by the TNFD. This evaluation identified risks and opportunities associated with our manufacturing plants, farms, and across the whole supply chain.

One of these risks was the growing intensity of natural disasters due to climate change and the deterioration of land-based ecosystems. We are responding to this through measures such as making energy usage more efficient and visualizing livestock-derived greenhouse gas emissions, and going forward, we will aim to make farm operations carbon neutral. Furthermore, we have been working for over 20 years to reduce the amount of plastic in product packaging and we will continue striving to realize further reductions.

Details regarding information disclosure based on the TNFD framework are available on our website.

Engagement in carbon neutral farming



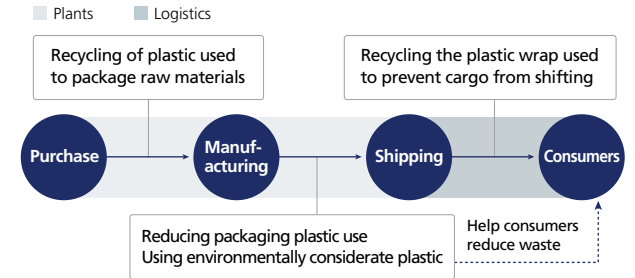
We will reduce CO₂ emissions generated by farms, primarily by self-supplying solar power and making energy usage more efficient.

Reducing plastic in product packaging

Materialities

Due to their excellent hygienic, sealing, and other properties, plastics play an important role in protecting food quality, yet there are concerns about the issue of marine plastics and their other impacts on the global environment. Since the NH Foods Group uses plastics at various stages, from purchasing raw materials to manufacturing and delivering products to customers, we have positioned plastics as a key issue, and are taking the following approaches under the premise that product safety is a top priority.

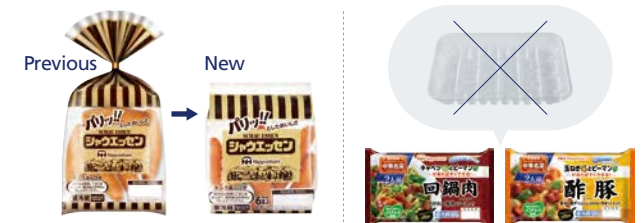
Initiatives for reducing plastic waste



Reducing plastic use by changing packaging

We have reduced the amount of plastic used in the *Schau Essen* series*¹ by 28% by switching from drawstring-style bags to eco-friendly pillow-type packaging. For the *Kanade* series*² of chilled pizzas, we reduced plastic usage by 37% by switching from plastic to paper trays. For The *Chuka Meisai* series*³, we reduced plastic usage by about 21% by removing plastic trays from the packaging. Additionally, we are using recyclable PET plastic for ham and wiener products, as well as a plant-derived biomass film for the lids of products in the *Sakurahime* chicken farm pack series.

*¹ Compared to the previous *Schau Essen* 127g double pack
 *² Comparison with conventional products
 *³ Calculated based on the number of units shipped for 10 out of 15 items in the 2021 *Chuka Meisai* series.





Protect the global environment / Creating new values

Materialities

Recycling packaging materials

The Hyogo Plant of Nipponham Factory Ltd., which engages in the production of hams and sausages, is working to recycle the film used in its packaging materials for raw meat. This film cannot be recycled without processing, as it has been in direct contact with food products, so it is crushed and then washed at the factory to convert it into a recyclable material. This material is currently undergoing testing as part of a collaboration with a plastic material recycling company and a pallet manufacturing company to see if it can be made into pallets for the transportation of goods.



Issuing sustainability bonds and allocating funds

Hokkaido Ballpark F Village has acquired a five-star rating under the DBJ Green Building certification system. Administered by the Development Bank of Japan, this system was established to support environmentally and socially responsible initiatives by real estate developers and businesses.

This support enabled us to raise finance through a sustainability bond issue. The funds were used to cover the cost of constructing the new ballpark, and for refinancing. Sustainability bonds can only be used for projects designed to mitigate environmental and social issues and provide positive outcomes.

Fund allocation

Item	Amount raised*1	Amount raised*2	Unallocated balance
Amount	¥29,813 million	¥29,813 million	¥0 million

*1 The amount raised from the bond issue after deduction of issuance costs
 *2 This amount was allocated to expenditure on the construction of the new ballpark through refinancing and investment and loans to affiliated companies.

Impact reporting (April 2023–March 2024)

Green project

Eligibility category: Green building
 Environmental certification: 5-star rating under the DBJ Green Building certification system
 Energy usage: 13,764,750 kWh*
 CO₂ emissions: 10,391 t-CO₂*
 Water usage: 42,197 m³*

* Net emissions and usage for the NH Foods Group, excluding ES CON FIELD HOKKAIDO partner companies

Social project

Eligibility category: Improvement of access to essential services
 The following facilities have been provided.

- Multipurpose toilets (4 on 1F, 4 on 2F, and 2 on 3F)
- 118 disability parking spaces
- 154 spaces for spectators in wheelchairs
- Spaces for spectators with guide dogs (access to all areas)
- 6 wheelchair slopes
- 2 escalators in the main stairwell on the third base side
- Stockpiles of emergency provisions*
- 11 free amusement facilities for children (5 swings, 2 ziplines, 1 fixed-site car ride, 1 fixed-site ladybird ride, 1 slide, log steps)
- Multilingual signage within the urban park area (5 locations)

* The quantities of stockpiles are not disclosed, since they are the property of the Hokkaido Government.

Upcycling

As part of our efforts to utilize the bounty of nature without waste and to realize a sustainable society, we are aiming to find applications for unused resources within the Group and to build businesses in new fields outside of foods.

There are many body parts of the livestock we farm in Japan and overseas that are not used in fresh or processed meat products. This includes chicken feathers and pig and cattle bones and skin. Although the majority of these parts are reused as fertilizer or feed, we recognize that they each have unique structures and constituents that have other significant potential uses. Going forward, we will make use of these characteristics to solve various social issues and we are launching joint research with universities and external companies accordingly.

As the world changes and consumers look toward the future, we will not be tied down by conventional wisdom and customs as we seek to create new value that meets the needs of consumers, society, and the world.