

NEWS RELEASE

February 27, 2024

Dear Members of the Media

First implementation of “Positive Impact Finance” with Sumitomo Mitsui Trust Bank

NH Foods Ltd. (headquarters:Kita-ku,Osaka; President and Representative Director:Nobuhisa Ikawa) entered into a loan agreement (the "Loan Agreement") utilizing the "Positive Impact Assessment Framework" of Sumitomo Mitsui Trust Bank, Limited (President:Kazuya Oyama, hereinafter "SuMi Trust Bank"). SuMi Trust Bank conducted a positive impact assessment (this assessment) based on the Positive Impact Financial Principles*1 formulated by the United Nations Environment Programme and Financial Initiative (UNEP FI)*2 and the Model Framework for Financial Instruments for Business Companies with No Limited Use of Funds (the "Evaluation"). Implementing Positive Impact Finance is NH Foods 's first initiative.

PIF is a type of loan agreement intended to support corporations to comprehensively analyze and evaluate the impacts (both positive and negative) of business activities related to the environment, society and economy on an ongoing basis. The most notable feature of PIF is that the degree of contribution from corporate activities, products and services in achieving Sustainable Development Goals (SDGs) is used as an evaluation indicator and monitored based on publicly disclosed information, and that we support corporations' activities to achieve these goals through engagement.

This agreement has obtained a third-party opinion (*3) from Japan Credit Rating Agency, Ltd. (President: Shokichi Takagi) regarding the compliance of the procedures related to this agreement's evaluation to the principles as well as the rationality of the evaluation indicators.

Each participating lenders consider this agreement to be finance that contributes to Japan's actions to address climate change, and will receive funds through the Bank of Japan's "Funds-Supplying Operations to Support Financing for Climate Change Responses (*3)" (commonly known as "Green Operation").


Since its founding, NH Foods Group has been responsible for the stable delivery of safe, reliable and delicious foods based on protein, a nutrient that is indispensable for people to live on, accounting for one-fifth of the body. In addition, we formulated Vision2030 in 2021 in order to address issues associated with changes in the external environment and diverse dietary situations associated with changes in lifestyles. In addition to "safety and security" and "deliciousness," which are the values we have provided to date, we are expanding the potential of "protein" with a "free" mindset that is not constrained by common sense. By doing so, we express our Group's desire to create a diverse range of food scenes that respond to changes in the social environment and people's lifestyles and to continue to support happy dietary lifestyles every day as our "aspirations for 2030." We have identified the social issues that must be prioritized for realizing Vision2030 as the "The Five Materialities (key issues) " and have decided on measures and indicators to achieve the " The Five Materialities " for realizing a sustainable society, and are promoting initiatives accordingly.





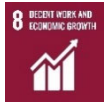


【Overview of this Agreement (Syndicated Loan)】

Date of Agreement	February 27, 2024
Arranger/Agent	SuMi TRUST Bank
Use of Funds	Working Capital

【Overview of Positive Impact Evaluation】

In concluding this transaction, we received qualitative and quantitative assessments on the following topics that have an impact on NH Foods Group 's achievement of SDGs.

Theme	Content	Goals and Indicators (KPI)	SDGs
Stable procurement and supply of proteins	✓ Promote sustainable procurement of proteins	<p><u>a. Promote initiatives that take animal welfare into consideration.</u> (Goal)</p> <p>✓ Eliminate gestation crates on all farm in Japan (pigs) by FY2030.</p> <p>(Indicator (KPI))</p> <p>✓ Implementation rate of eliminate gestation crates on all farms in Japan (pigs)</p>	

		<p><u>b. Expand sales of plant-derived protein products.</u> (Goals) ✓ Shipment amount of JPY 10 billion by FY2030 for plant-derived protein products</p> <p>(Indicator (KPI)) ✓ Value of shipment amount of plant-derived protein products</p>	
<p>Food diversification and health</p>	<p>✓ Ensuring access to food which contributes to improve quality of life and health</p>	<p><u>a. Expand lineup of food allergy-related products (*4).</u> (Goal) ✓ Achieve a shipment amount of JPY 4 billion by FY 2030 for food allergy-related products.</p> <p>(Indicator (KPI)) ✓ Value of shipment amount of food allergy-related products</p> <p><u>b. Research and commercialize new ingredients for improving cognitive function (*5).</u> (Goals) ✓ Supply the equivalent of 3 million meals per year by FY 2026</p> <p>(Indicator (KPI)) ✓ Supply of meals per year</p>	 
<p>Contributing to a sustainable environment</p>	<p>✓ Reduce CO2 emissions, waste emissions, and water consumption, environmental protection, and respect for human rights</p>	<p><u>a. Reduce CO2 emissions from fossil fuels.</u> (Goal) ✓ FY2030 domestic reduction target of 46% or higher compared to 2013 (Scope-1, and 2). ✓ FY2030 overseas reduction target of 24% or higher compared to 2021 (Scope-1, and 2).</p> <p>(Indicator (KPI)) ✓ CO2 emissions from fossil fuels in Japan (Scope-1, and 2) ✓ CO2 emissions from fossil fuels in overseas (Scope-1, and 2)</p> <p><u>b. Resource waste emissions and promote recycling rate.</u> (Goal) ✓ FY2030 target of 5% for domestic waste intensity per production unit compared to FY 2019. ✓ FY2030 target of 92% for domestic recycling rate.</p> <p>(Indicator (KPI)) ✓ Domestic waste intensity per production ✓ Domestic recycling rate</p> <p><u>c. Reduce water consumption.</u> (Goal) ✓ FY2030 domestic reduction target of 5% per production unit compared to FY2019. ✓ FY2030 overseas reduction target of 5% per production unit compared to FY2021.</p> <p>(Indicator (KPI)) ✓ Water consumption per production (domestic / overseas).</p> <p><u>d. Switch to certified products for palm oil.</u> (Goal)</p>	   

		✓ FY2030 target of 100% use rate of RSPO (*5) certified palm oil (including B&C (*6)) (Indicator (KPI)) ✓ Use rate of RSPO certified palm oil	
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(*1) The Principles for Positive Impact Finance

The Principles for Positive Impact Finance was developed by UNEP FI in January 2017 as a financial framework for achieving the SDGs. Companies disclose the level of contributions to achieving SDGs through KPIs. Banks then provide funding by evaluating the positive impact observed from these KPIs that is intended to guide the borrowers to increase the positive impact and reduce the negative impact.

The lending bank, as a responsible financial institution, will check if the impact is continuing or not by monitoring the indicators.

(*2) The United Nations Environment Programme Finance Initiative (UNEP FI)

The United Nations Environment Programme (UNEP) is an executive body for implementing the “Human Environment Declaration” and the “International Environmental Action Programme”, established in 1972 as a subsidiary body to the United Nations system. UNEP FI represents a broad as well as a close partnership between UNEP and more than 200 global financial institutions. Since its establishment in 1992, UNEP FI has been working in concert with financial institutions, policy/regulatory authorities to transform itself into a financial system that integrates economic development and ESG considerations.

(*3) Third-party opinion on compliance with Principles of Positive Impact Financial and rationality of used metrics

For the independent opinion from Japan Credit Rating Agency, Ltd., please visit:

<https://www.jcr.co.jp/en/greenfinance/>

(*4) Products that do not contain any of the specified ingredients listed in Table 14 of Japan’s Food Labeling Standards.

(*5) Roundtable on Sustainable Palm Oil (RSPO) is an international non-profit organization which has built and operate a certification system that has become the standard for sustainable palm oil, and which encourages the production and distribution of such oil.

(*6) The Book & Claim model (B&C) is a business model in which certified oil securities are traded online between producers and end-product manufactures and sellers.

Through this assessment of PIF, the NH Foods Group's efforts to realize its Vision2030 were recognized as contributing to resolve social issues surrounding food. We aim to realize sustainability and sustainably increase corporate value through various measures.