

Disclosure based on the recommendations of the TCFD

Climate change is causing increasingly serious consequences on a global scale with each passing year. This problem has serious implications for society, the environment, and business activities for current and future generations. The Nisshin Seifun Group recognizes climate change as a factor that could have a direct and indirect impact across all stages of its supply chains, including the increased risk of natural disasters affecting its operating sites and wheat-growing regions. We focus on the identification of themes for initiatives against climate change as an urgent priority. We will conduct scenario analysis on climate-related risks and opportunities for our Group businesses based on the TCFD framework and use the findings as the basis for collective engagement with our stakeholders through disclosure. In August 2021, we expressed our support for the TCFD Recommendations and announced our participation in the TCFD Consortium. The four themes listed by the TCFD recommendations – “governance,” “strategy,” “risk management” and “metrics and targets” – along with a breakdown of the Group’s activities to address each one, are detailed below.



Disclosure items recommended by the TCFD	Activities by the Nisshin Seifun Group
<p>Governance</p>	<p>The Nisshin Seifun Group recognizes protection of the global environment, including action on climate change, as its most critical management issue. The person responsible for all action on these risks under our management system is the Director and President of Nisshin Seifun Group Inc., the Group holding company, as the Chief Executive Officer.</p> <p>We have established an Environmental Protection Committee as a subsidiary organization of the Group Management Meeting, which is attended mainly by executive officers from group companies. The Committee, which is chaired by the Director and Division Executive of the Technology and Engineering Division, is responsible for the management of environmental issues, approval of medium- to long-term environmental targets, and regular reviews and assessments of progress toward the targets. It also submits reports on important matters to the Group Management Meeting.</p> <p>These matters, together with any other significant situations that could have a major impact on management policies or business activities, are reviewed and discussed at meetings of the Board of Directors. In 2021, the Board of Directors passed resolutions setting a Group CO₂ reduction target for 2050 and a new CO₂ reduction target for 2030.</p>
<p>Strategy</p>	<p>We carefully discussed the impact of climate change under 1.5°C and 4°C scenarios and climate strategy. It is possible that business could be impacted significantly, both under the 1.5°C scenario due to regulatory measures, such as an increase in the carbon price, and under the 4°C scenario due to the intensification of extreme weather events, and increasing risks relating to the sourcing of raw materials and water.</p> <p>In relation to short- and medium-term risks arising from the intensification of extreme weather events, we are implementing disaster prevention measures and the improvement of facilities to withstand storm surges and other events, based on hazard analyses and safety timelines (Disaster Prevention Action Plans) for each operation site.</p> <p>Medium- to long-term risks affecting the sourcing of raw materials were already reflected in business strategies as factors that could have a serious impact on our business operations. Going forward, we aim to make further progress on efforts to address climate change through collaboration with producers, research organizations, and government agencies.</p> <p>In 2021, we responded to transition risks, such as increases in the carbon price, and physical risks affecting the sourcing of raw materials and water, by setting medium- to long-term targets for the reduction of CO₂ emissions, water use, food waste, and packaging waste based on the 1.5°C and 4°C scenarios. We will continue to work proactively to strengthen the adaptive capacity and resilience of our business operations.</p>
<p>Risk management</p>	<p>As an organization committed to appropriate management of environmental issues relating to our business operations, we have established an Environmental Protection Committee, while individual group companies have appointed environmental management coordinators and established environmental management committees in response to inherent environmental issues of their activities.</p> <p>The Risk Management Committee, which is made up of the presidents of group companies under the chairmanship of the Director and President of Nisshin Seifun Group Inc., examines the business impact of various risk factors, including climate change. Its role is to identify risks, assess impacts, and review risk management plans. It also regularly reviews the management of risks and opportunities identified and assessed by the Risk Management Committees of group companies as part of the overall coordination of the Nisshin Seifun Group’s risk management system.</p> <p>In 2021, we analyzed the impact of climate change on our business activities with the assistance of external experts. The analyses, which were based on scenarios in which global temperatures rise by 1.5°C and 4°C, were carried out to identify risks and opportunities in our supply chains and assess the scale of likely impacts on our business activities.</p>
<p>Metrics and targets</p>	<p>The indicators used for climate change mitigation efforts by the Nisshin Seifun Group are Scope 1 and 2 CO₂ emissions. We have set targets calling for the reduction of these emissions by 50% by 2030 (compared with the fiscal 2014 level), and to net zero by 2050.</p> <p>We aim to achieve our targets by promoting reductions in CO₂ emissions by stepping up our energy-saving initiatives, by installing on-site solar power generation equipment, and by shifting to renewable energy sources.</p> <p>For Scope 3, we will move ahead in assessing emissions across the entire Group, and work with suppliers at every stage of the supply chain to reduce carbon emissions, including the use of cooperative logistics with food manufacturers in Japan.</p>

Climate change scenario analyses

Because wheat is the foundation for the diverse business activities of the Nisshin Seifun Group, those activities could be impacted by climate change in many ways. We therefore carried out scenario analyses based on the TCFD recommendations to ascertain the scale and nature of potential impacts on our flour milling segment, processed food segment, and prepared dishes and other prepared foods segment, under scenarios in which global temperatures rise by 1.5 °C and 4 °C in the period to 2050. The purpose of these analyses, which were implemented with the assistance of external experts, was to identify particularly serious risks, as well as opportunities, and to consider our responses. Going forward, we will expand the scope of these analyses to cover risks and opportunities across the entire Nisshin Seifun Group. By incorporating our responses to the analysis results into our business strategies, we will further strengthen our business continuity while contributing to the realization of a sustainable society. Risks, opportunities and countermeasures for the Nisshin Seifun Group are highlighted below.

Risks, opportunities			Business impacts (examples)	Details
Item	Category	Sub-category		
Transition risks	Policies/regulations	Increase in the carbon price	A rising carbon price would increase costs across a wide range of areas, including sourcing raw materials, manufacturing, and logistics.	<ul style="list-style-type: none"> We will aim for net zero CO₂ emissions by 2050. We will work toward that goal through measures that will include the accelerated introduction of solar power systems, a shift to renewable energy, and the development and introduction of energy-saving technologies. We will work with our suppliers to reduce CO₂ emissions.
		Restrictions on plastic use	Shifting to sustainable packaging and containers designed to allow recycling of plastics would result in cost increases.	<ul style="list-style-type: none"> We aim to reduce the use of containers made from fossil fuel-derived plastics by 25% by 2030 (compared with the level in fiscal 2020). We will transition to environment-friendly container designs. We will increase the use of sustainable packaging materials, such as biomass plastics.
Physical risks	Acute	Intensification of extreme weather events	Intensification of extreme weather events, such as rainstorms and storm surges, would result in increased damage to growing regions and production and storage sites.	<ul style="list-style-type: none"> We will reflect climate change in enhanced business continuity planning based on hazard analyses at individual business sites. We will strengthen buildings and facilities, etc., against storm surges. We will enhance our preparedness for major power outages and demands for long-term power saving, including fuel stockpiling and the use of emergency generators.
		More frequent droughts	More frequent droughts in crop growing regions would make it difficult to secure reliable supplies of raw materials.	<ul style="list-style-type: none"> We will secure multiple suppliers to provide alternative sources of raw materials.
	Chronic	Rising mean temperatures, changes in precipitation patterns	Rising temperatures and changing precipitation patterns would lead to lower crop yields and quality deterioration, resulting in higher raw material prices.	<ul style="list-style-type: none"> We will work to reduce procurement and production costs on a continuing basis. We will investigate the impact of climate change and natural disasters on raw material crops.
		Spread of insect pests, insect-borne diseases, and infectious diseases	Insect pests and disease-carrying insects would reduce crop yields and quality and spread diseases. These factors, together with the resulting impacts on producer countries, would lead to higher raw material prices.	<ul style="list-style-type: none"> We will work with producers and research organizations to develop wheat strains with enhanced resistance to high temperatures and drought. We will reduce food waste by 50% by 2030 (compared with the level in fiscal 2017).
		Rising sea levels	More frequent storm surges would result in increased flood damage at production site.	<ul style="list-style-type: none"> We will strengthen buildings and facilities, etc., against storm surges. We will thoroughly investigate flooding risks when building new plants.
		Increased water sourcing risks at production sites	Sourcing of water at production sites would become difficult due to water shortages, hindering operations in the affected river basins.	<ul style="list-style-type: none"> We will reduce water use per unit of production in our plants by 30% by 2040 (compared with the fiscal 2022 level). We will recycle and conserve water in our plants and work with suppliers to reduce water usage. We will conduct evaluations of water availability when building new plants.
Opportunities	Markets	Changing customer requirements	There would be increased demand for sustainable, environmentally responsible products.	<ul style="list-style-type: none"> We will develop products that reduce environmental loads, such as fast-cook foods and sustainable packaging. We will develop products that reduce food losses and waste in our supply chains.