Initiatives Based on the TCFD Recommendations

In August 2021, the Nisshin Seifun Group expressed its support for the TCFD recommendations, and announced its participation in the TCFD Consortium. In 2021, we performed qualitative scenario analyses of the Flour Milling Business, the Processed Food Business, and Prepared Dishes and Other Prepared Foods Business. In fiscal 2024, we expanded the scope of these analyses to include the Yeast and Biotechnology Business and conducted detailed analyses of the financial impact on the domestic Flour Milling Segment, Processed Food Segment (excluding Healthcare Foods Business) and the Prepared Dishes and Other Prepared Foods Segment. Responses to risks and opportunities considered to be especially significant are reflected in each company's business strategies as approaches to key sustainability priorities, with the aim of enhancing business continuity and creating opportunities for dialogue with stakeholders through the disclosure of information.

● **TCFD framework**

Disclosure items recommended by the TCFD	Activities by the Nisshin Seifun Group
Governance	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 actions on these risks under our management system is the Director and President of Nisshin Seifun Group Inc., the Group holding company, as the top management executive. We have established a Sustainability Committee chaired by the President of Nisshin Seifun Group Inc., with the presidents of Group companies serving as members. The role of this Committee is to verify progress on identified sustainability priorities (materiality), including initiatives formulated in 2021 for addressing medium- to long-term targets for environmental issues, and to deliberate on and verify policies and strategies regarding new issues pertaining to sustainability. The Sustainability Committee has established the Environment Committee as a subcommittee and supervises and facilitates its activities. Chaired by the Director and Division Executive of the Technology and Engineering Division, who is a Managing Executive Officer, the Environment Committee is responsible for the management of environmental issues, as well as the drafting of medium- to long-term environmental targets, and the management and assessment of progress toward the targets. It also submits reports on important matters to the Sustainability Committee, the Group Management Meeting, and the Board of Directors. Matters that could have a major impact on management policies or business activities are reviewed and discussed at meetings of the Board of Directors. In fiscal 2025, it submitted a progress report on the CO_2 reduction roadmap. Furthermore, as an incentive for efforts to address climate change, we opted to reflect evaluations pegged to progress toward the achievement of CO_2 reduction roadmap targets in bonuses for internal Directors (excluding directors who are also members of the Audit & Supervisory Board)
Strategy	In fiscal 2022, we carefully discussed the impact of climate change under the 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 increased frequency and intensity of extreme weather events and increasing risks relating to the sourcing of raw materials and water. In relation to short- and medium-term risks arising from the increased frequency and intensity of extreme weather events, we are implementing disaster prevention measures and improving facilities to withstand storm surges and other events, based on hazard analyses and safety timelines (Disaster Prevention Action Plans) for each operation site. 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. We also aim to make further progress on efforts to address climate change through collaboration with producers, research organizations, and government agencies. 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 environmental issues, such as the reduction of CO_2 emissions, water use, food waste, and packaging waste based on the 1.5˚C and 4˚C scenarios. In fiscal 2024, we conducted a detailed analysis, of the potential effects of climate-related risks, including the financial impact, on our Flour Milling, Processed Food (excluding Healthcare Foods Business) and Prepared Dishes and Other Prepared Foods Segments in Japan. We will continue to work proactively to strengthen the adaptive capacity and resilience of our business operations.
Risk management	As an organization committed to the appropriate management of environmental issues relating to our business operations, we have established an Environment Committee, while individual Group companies have appointed environmental management coordinators and established environmental management committees in response to inherent environmental issues relating to their activities. 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. Progress on the analysis of climate-related scenarios to determine climate-related risks is as described in the strategy.
Metrics and targets	The Nisshin Seifun Group has established four medium- to long-term targets for the reduction of CO_2 emissions, food waste, container and packaging waste, and water use as indicators for its efforts to mitigate and adapt to climate change and reduce environmental impacts. The Environment Committee regularly reviews progress toward these targets and takes systematic action toward their achievement.

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.

Risks and opportunities for the Nisshin Seifun Group, strategy

Scenarios in which global temperatures rise by 1.5˚C and 4˚C in the period to 2050

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.	• We will aim for net zero CO_2 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 CO_2 emissions.
		Restrictions on plastic use	Shifting to sustainable packaging and containers designed to allow recycling of plastics would result in cost increases.	• 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.	• 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.	• We will secure multiple suppliers to provide alternative sources of raw materials. • 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. • 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).
	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.	
		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.	
		Rising sea levels	More frequent storm surges would result in increased flood damage at production site.	• 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.	• 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.	• 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.

● Initiatives in FY2024 (including a detailed analysis of the financial impact of significant risks)

Impact of major climate change-related risks on the domestic Flour Milling Segment, Processed Food Segment (excluding Healthcare Foods Business), and the Prepared Dishes and Other Prepared Foods Segment

<table>
<tr><th colspan="3">Risks and opportunities</th><th colspan="2" rowspan="2">Impact of major climate change-related risks</th><th rowspan="2">Countermeasures</th></tr>
<tr><th>Item</th><th>Main category</th><th>Sub-category</th></tr>
<tr><td rowspan="1">Transitional risks</td><td>Policies/regulations</td><td>Carbon price increases</td><td>Impact on business
A higher carbon price would cause wide-ranging cost increases in such areas as raw materials, manufacturing, and logistics.
We need to enhance our sustainable transition plans and response actions.</td><td>Financial impact
The carbon price burden will increase by around ¥4.5 billion by fiscal 2031.
*1 An estimate based on a scenario in which CO_2 emission reduction efforts stagnate and emissions remain at around the fiscal 2023 level
*2 Calculations based on the NZE Scenario (net zero emissions by 2050) published in International Energy Agency's World Energy Outlook 2022</td><td>• Net zero CO_2 emissions by 2050, 50% reduction by 2030 (compared with the fiscal 2014 level)
• Steady implementation of measures based on the CO_2 reduction roadmap, including energy-saving activities, improvements in production efficiency, and increased use of renewable energy
• Further investment in energy-saving measures based on the use of internal carbon pricing (ICP)
⇒ Reduction of the financial impact to around ¥2.5 billion (fiscal 2031) (reduction of the carbon price burden by around ¥2.0 billion through these initiatives)</td></tr>
<tr><td rowspan="2">Physical risks</td><td>Acute</td><td>Increasing intensity of extreme weather events (opportunity losses, including disruption of operations due to water-related disasters, such as tidal surges and floods)</td><td>Impact on business
The increasing size of typhoons and severity of rainstorms will lead to an increase in the frequency of water-related disasters, such as tidal surges and floods, and their impacts on production sites and logistics operations.
We need to enhance our preparedness through business continuity planning (BCP), and to strengthen our countermeasures.</td><td>Financial impact
Net sales reduced by up to ¥600 million per disaster
* Estimate prepared with reference to past disasters affecting the Nisshin Seifun Group, flood damage projections based on flood and tidal surge hazard assessments by local governments, and other data</td><td>• Enhancement of BCP countermeasures based on hazard analyses and climate fluctuations at individual business sites, expansion of collaboration among business sites
• Reinforcement of buildings and facilities, etc., against tidal surges (e.g., installation of flood barriers based on projected inundation levels at production sites)
• Enhancement of preparedness for major power outages or requests for long-term reductions in power usage (e.g., use of emergency generators, fuel stockpiling)</td></tr>
<tr><td>Acute/chronic</td><td>Reduction of agricultural output (difficulty ensuring stable procurement, soaring procurement prices)

Anticipated risks

Increased frequency of droughts

Rising average temperatures, changing rainfall patterns

Outbreaks of insect pests and infectious diseases</td><td colspan="2">Impact on business
Declines in agricultural output due to multiple climate-related factors, problems affecting reliable access to raw materials, soaring procurement costs.

Impact on wheat as a key raw material
The following is an analysis of how wheat would be affected by rising temperatures and adaptation measures under 4°C and 1.5°C scenarios.

<u>4°C scenario</u>
While rising temperatures would reduce yields in low-latitude regions where temperatures are already high, yields would increase due to improvements in the suitability of land for wheat growing in high-latitude regions, where yields are currently limited by low temperatures. On a global basis, average yields would continue to rise.

<u>1.5°C scenario</u>
There would be a transition to agriculture with a focus on sustainability, such as measures to reduce agriculture-related greenhouse gas emissions and restore soil. The transitional phase would be likely to bring lower yields and high costs. However, yields would recover or increase in the period to 2050.

We believe that the possibility of substantial declines in yields in major wheat-producing countries is low in the medium- to long-term future. However, long-term forecasts about supply and demand and procurement costs for food, including wheat, are subject to uncertainties. Furthermore, analyses of wheat procurement risks relating to climate change need to take into account not only yield fluctuations and costs under each scenario, but also other factors, such as the impact of droughts on trade volumes and quality.

Medium- to long-term wheat procurement risks cannot be ignored. We need to take steps to mitigate or adapt to climate change, including support for the development of new strains in collaboration with growers and research organizations, and the exploration of new growing areas with a focus on sustainability.</td><td>• Continuous research on the impact of climate change and natural disasters on wheat
• Support for the development of wheat strains capable of tolerating high temperatures and droughts in collaboration with growers and research organizations
• Exploration of growing areas and procurement of wheat with a focus on sustainability
• 50% reduction of food waste by 2030 (compared with the fiscal 2017 level, compared with the fiscal 2020 level for Initio Foods Inc., Joyous Foods Co., Ltd., and Tokatsu Foods Co., Ltd.)
• Continuous pursuit of low-cost procurement and production operations
• Diversification of suppliers, discovery of alternative raw materials</td></tr>
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