

Reporting in Accordance with the TNFD Framework

ITOHAM YONEKYU HOLDINGS INC.

1. ITOHAM YONEKYU Group's Approach toward nature capital

The ITOHAM YONEKYU Group is aware that maintaining the global environment is the most critical issue shared by the entire world. We take the environment into account in our business activities, as we declare that actively working to achieve a sustainable society is our environmental philosophy.

Operating a meat and meat processing business, the Company's business activities are made possible by the varied blessings of nature. We recognize that if the deterioration of the natural environment due to global warming and the loss of biodiversity were to continue, it could have a direct impact on the continuity of our business, including our raw material procurement, production, and logistics systems.

Given that our group operates businesses closely tied to natural capital, we believe that identifying the risks and opportunities related to biodiversity and working to avoid or mitigate negative impacts is essential for enhancing our sustainability. Accordingly, we have begun conducting analyses in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

Our Group supports the principles of the TNFD and will provide transparent disclosures to our stakeholders.

2. Governance

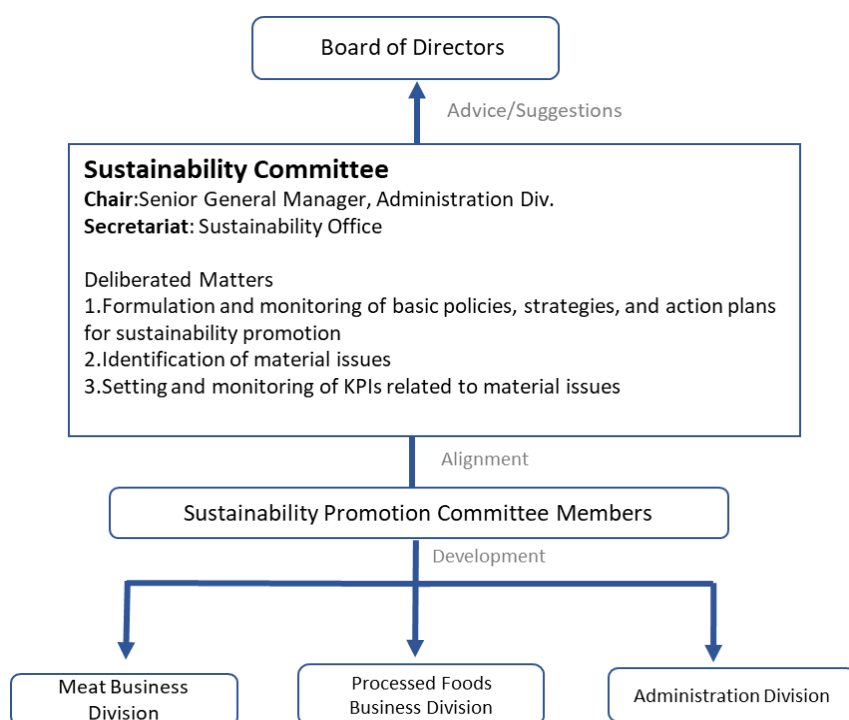
Sustainability Promotion structure

To advance sustainability initiatives across the entire Group, we have established a Sustainability Committee as an advisory body to the Board of Directors.

This committee deliberates on matters including the formulation of environmental policies and strategies, the setting of initiative metrics, and the monitoring of progress. These matters are subsequently deliberated upon or reported to the Board of Directors.

Furthermore, The Sustainability Committee is chaired by the Director, Managing Executive Officer and Senior General Manager COO of the Administration Division and includes managers responsible for each business division and outside experts as committee members, ensuring a committee structure that benefits from outside knowledge.

[Sustainability promotion structure]



3. Strategy

Assessment Procedure for Analyzing Nature-Related Issues

To identify nature-related risks and opportunities associated with our business, we conducted an assessment based on the LEAP approach proposed by TNFD.

[LEAP Approach-based review process]

Scoping (Selection of Business Scope for Evaluation)	Understand the relationship between our business activities and nature across the value chain and define the scope of evaluation.
Evaluate (Diagnosis of Dependencies and Impacts)	Assess the dependencies and impacts of our business activities on nature.
Locate (Discovery of Interfaces with Nature)	Evaluate the interfaces with nature at our operational sites and procurement regions.
Assess (Evaluation of Risks and Opportunities)	Identify and evaluate nature-related risks and opportunities that are important to our company.
Prepare (Consideration of Response Measures)	Develop response measures based on the results of the previous evaluations.

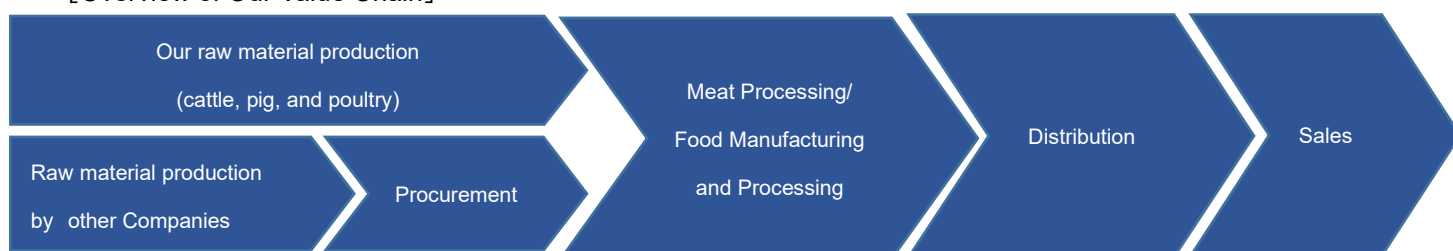
Scoping (Selection of Business Scope for Evaluation)

Before conducting the TNFD analysis, we first organized our value chain. To understand the degree of our business's dependency and impact on nature across the entire value chain, we used an analytical tool called ENCORE*.

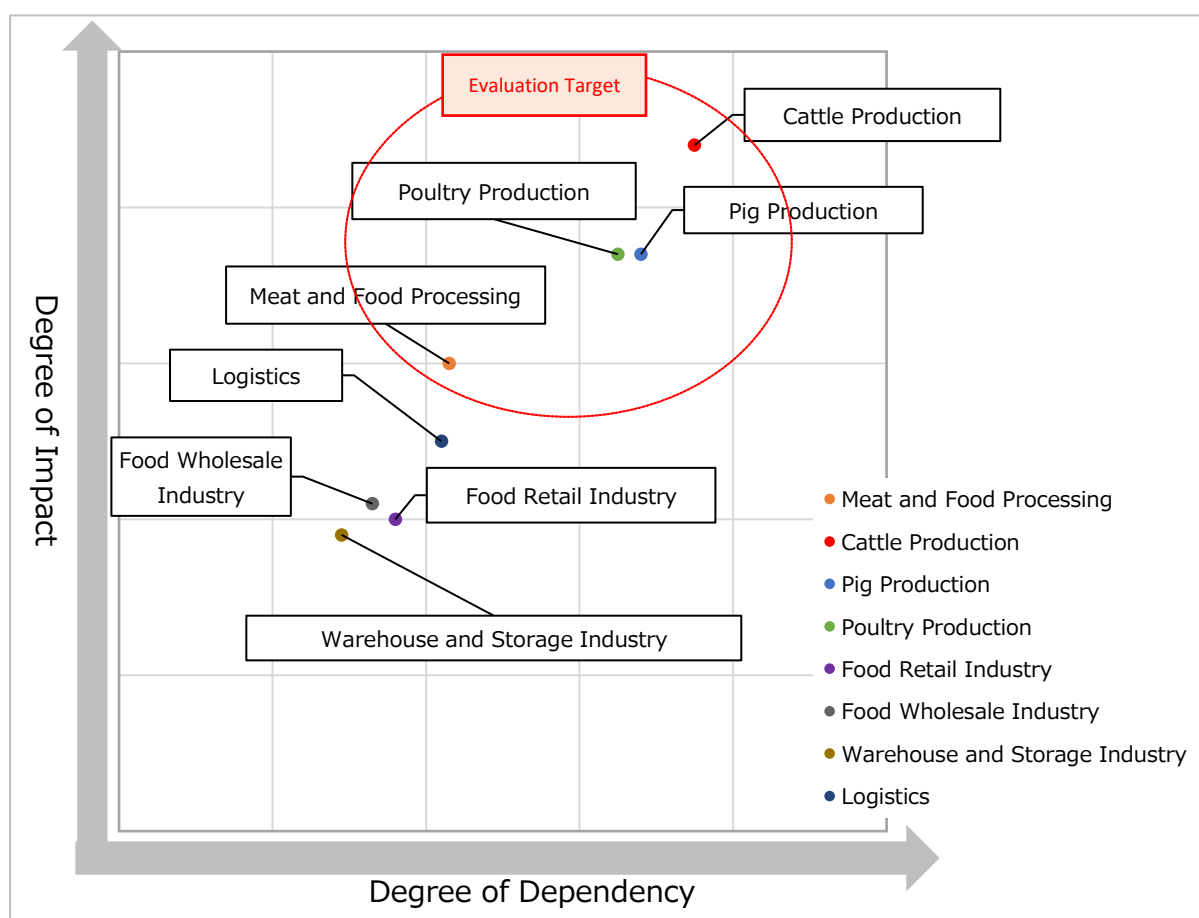
As a result, we found that raw material production (cattle, pig, and poultry rearing) has a particularly high level of dependency and impact on nature within our group's value chain. Therefore, we selected raw material production (cattle, pig, and poultry production and rearing), which has a deep connection with nature and also meat processing and food processing which are our main businesses alongside raw material production. Cattle production showed significantly higher dependency and impact on the natural environment compared to other livestock. As such, we also included externally sourced cattle in the scope of our investigation.

* ENCORE is a tool developed by Global Canopy, UNEP FI, and UNEP-WCMC to help companies understand their dependencies and impacts on nature.

[Overview of Our Value Chain]



[Degree of Nature-Related Risk (Dependency and Impact) in Our Value Chain]



Evaluate (Diagnosis of Dependencies and Impacts)

✓Business-Specific Evaluation of Dependency and Impact on Natural Capital

We conducted a more detailed assessment of the dependency and impact on nature across each business activity in our value chain, referencing ENCORE.

As a result, we found that livestock production generally has a high level of dependency and impact on nature. Among these, beef production stands out at particularly high levels.

In particular, the use of resources (feed) during rearing and the dependency on soil and water are significant. If the natural environment deteriorates, these operations could be heavily affected.

Additionally, land use during rearing, waste pollution, and greenhouse gas (GHG) emissions contribute to a high level of impact, highlighting the environmental burden.

In meat and food processing (manufacturing), we found that factory operations require large amounts of water, indicating a high level of dependency and impact on water resources.

[ENCORE Materiality Assessment (Heatmap)]

Based on the results of the ENCORE analysis, we have summarized the dependency and impact of our business activities on nature as follows.

	Dependencies															Impacts									
	Provisioning services		Regulation and maintenance services													Land use	Resource use	Climate change	Pollution			Disturbance			
Businesses	Biomass resources (feed, etc.)	Genetic material	Water resources	Global climate regulation	Rainfall pattern regulation	Local climate regulation	Air Filtration	Soil quality regulation	Soil and sediment retention	Solid waste remediation	Water purification	Water flow regulation	Flood mitigation	Storm mitigation	Pest and disease control	Land	Freshwater	Water resources	GHG emissions	Air pollution	Toxic pollutants	Nutrient pollutants	Solid waste	Invasive alien species	Disturbance
Meat and Food Processing																									
Cattle Production																									
Pig Production																									
Poultry Production																									
Food Retail Industry																									
Food Wholesale Industry																									
Warehouse and Storage Industry																									
Logistics																									

Very High
High
Medium

[Analysis of Our Value Chain Dependencies and Impacts]

* Only items with high importance are listed.

Business Activity	Livestock Production	Meat & Food Processing	Logistics	sales
Dependencies	● Supply of feed ● Water use in rearing and feed production (supply, purification) ● Soil suitable for rearing and feed production and maintenance of climate conditions ● Function to suppress natural disasters	● Water use in operations (supply, purification)		
Impacts	● Land use associated with rearing ● Pollution of soil, water, and air ● GHG emissions from rearing ● Occurrence of contaminants such as excreta	● Occurrence of pollutants due to wastewater		

Locate (Discovery of interfaces with Nature)

✓Evaluate of interfaces with Nature at Evaluation Locations

We assessed our direct operational sites (livestock production farms and meat/food processing plants) as well as major external beef procurement sources both domestically and internationally. Using the five indicators suggested by TNFD (see table below), we analyzed the interfaces with nature.

Given that beef production is internationally recognized for its risk of deforestation, we also examined the status of forest loss in each region.

For farms and other locations where specific sites could not be identified, evaluations were conducted by setting regional units such as states within a country.

[Indicators Aligned with TNFD's Five Evaluation Items]

Evaluation Item	Indicator	Tool
Importance of biodiversity conservation	● Protected areas ● Key Biodiversity Areas ● START (Species Threat Abatement and Restoration Score)	IBAT

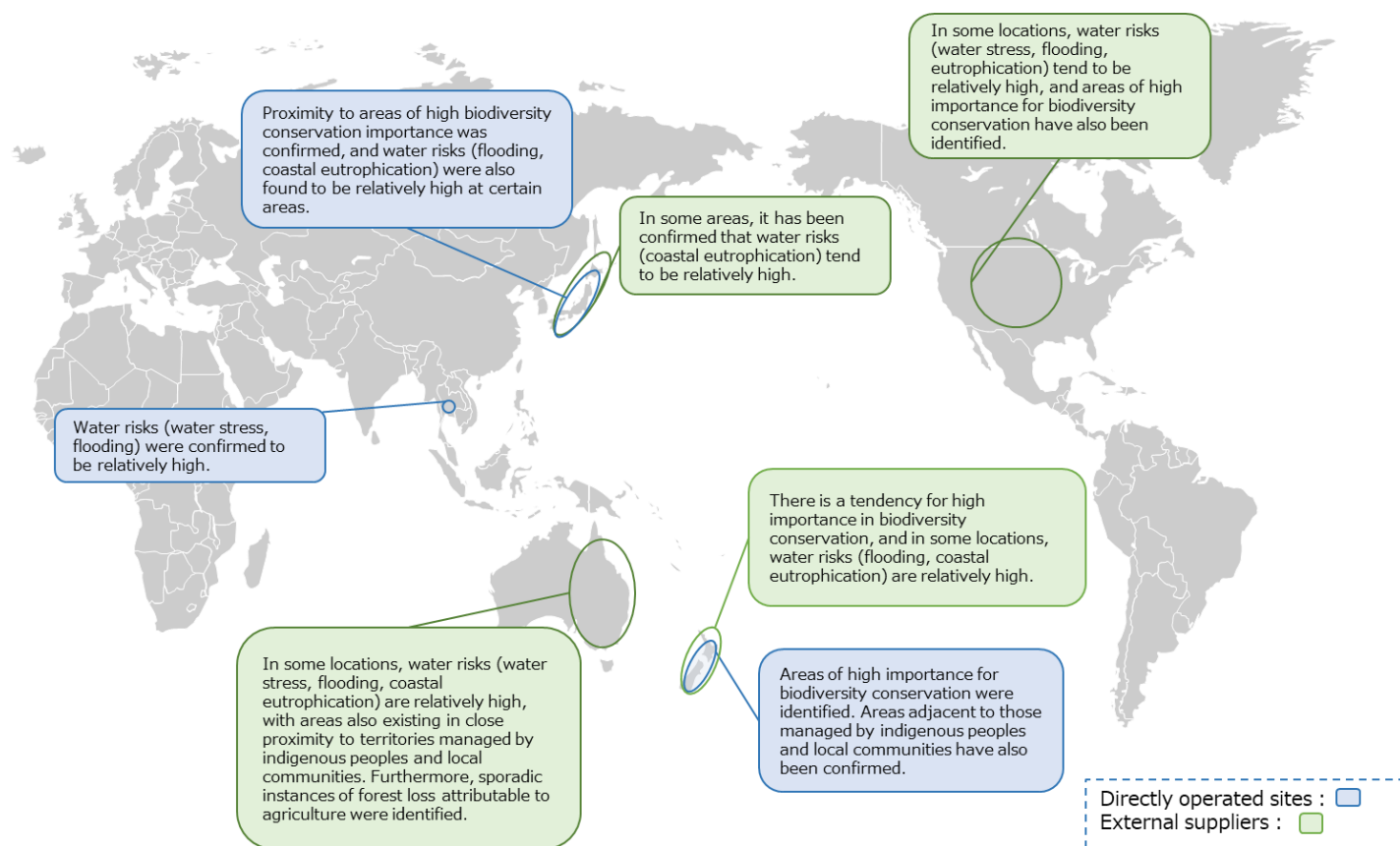
Areas where ecosystem integrity is high	Biodiversity Intactness Index <i>*Measures the degree of structural, functional, and compositional integrity. Regions with high integrity provide ecosystem services.</i>	Resource Watch
Areas where ecosystem integrity is declining	Pressure on Biodiversity	WWF Biodiversity Risk Filter
Areas with high water risk <i>Regions with potential water quantity/quality degradation</i>	- Baseline water stress - Flood risk (river/coastal) - Coastal eutrophication risk	Aqueduct
Areas providing important ecosystem services to Indigenous Peoples and Local Communities (IPLCs)	Presence of IPLCs	Land Mark

[Additional Evaluation Item for Cattle Production]

Risk of deforestation	Status of forest loss	Global Forest Watch
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✓ Evaluate of interface with Nature at Evaluation Locations

Our assessment revealed that key considerations vary across regions. This underscores the importance of understanding the unique ecological characteristics of each area and managing operations with heightened attention to potential risks.



Assess (Evaluation of Risks and Opportunities) and Prepare (Consideration of Response Measures)

Based on the evaluations obtained through the *Evaluate* and *Locate* processes, we identified and assessed nature-related risks and opportunities that are material to our business.

Drawing on previous assessment results and external reports, we identified nature-related risks and opportunities relevant to our operations. Next, we evaluated their significance by considering the likelihood of occurrence within our business, the potential financial impact, and the expected time horizon for these impacts to materialize.

Following this, we engaged with relevant internal departments to discuss potential response measures for the identified risks and opportunities.

Going forward, we will continue to monitor external conditions, including global trends in natural disasters, and maintain ongoing collaboration with internal and external stakeholders to refine our nature-related assessments and develop concrete action plans.

[Risks and Opportunities in Cattle Production]

Type of Risk/Opportunity	Cause	Impact on Business	Financial Implications	Response Measures
Transition Risks	Deforestation	Damage to brand image due to involvement in sourcing of beef that contributes to deforestation and costs associated with complying with deforestation regulations	Decrease in sales, increase in direct costs	Supplier engagement through initial transaction discussions and supplier surveys to confirm the status of deforestation-related risks.
	Regulations on Environmental Pollution	Increased investment to reduce soil and water pollution from production	Increase in capital expenditure	Introduction of high-efficiency purification equipment
	GHG Emission Regulations	Increased investment in equipment and technologies for GHG reduction	Increase in capital expenditure	- Strengthening efforts to reduce GHG emissions (renewable energy, energy efficiency, fuel conversion) - Research on reducing livestock-related GHG emissions
	Expansion of Protected Areas	Relocation of production sites and changes in procurement sources	Increase in procurement costs	Diversification of procurement sources
Physical Risks	Water Shortage	Decreased cattle productivity	Increase in production and procurement costs	Promote initiatives to reduce water usage
	Climate change, such as rising temperatures	Changes in cattle breeds and feed, or procurement sources	Increase in production and procurement costs	Build sustainable procurement systems adapted to environmental changes
	Increasing severity of abnormal weather events	Damage to cattle and feed production caused by natural disasters	Increased production and procurement costs	

Opportunities	Feed Modification	Reduction of GHG emissions and improvement of productivity through feed changes	Increased sales	Research on reducing livestock-related GHG emissions
	Reduction of environmental impact	Improvement of brand image and increase in demand through low environmental impact beef production	Increased sales	- Composting of livestock waste - Research on reducing livestock-related GHG emissions

[Risks and opportunities in Meat and food processing]

Type of Risk/Opportunity	Cause	Impact on Business	Financial Implications	Response Measures
Transition Risks	Environmental Regulations	Increased capital investment due to stricter environmental regulations	Increase in capital expenditure	- Strengthening efforts to reduce GHG emissions (renewable energy, energy efficiency, fuel conversion) - Recycling livestock waste
	Water Pollution Regulations	Increased capital investment due to stricter water pollution regulations	Increase in capital expenditure	Introduction of high-performance purification equipment
	Plastic Regulations	Increased costs from using alternative materials	Increase in direct costs	Utilization of biomass plastics and reduction of plastic usage
	Waste Reduction	Increased costs for measures to reduce food waste	Increase in capital expenditure	- Promote initiatives to reduce waste emissions - Recycling livestock waste
Physical Risks	Water Shortage	Decline in production volume due to reduced water intake	Increase in direct costs and decrease in sales	Promote initiatives to reduce water usage
	Climate change, such as rising temperatures	Increased costs for adjusting production environments	Increased direct costs	Build sustainable production systems adapted to environmental changes

Physical Risks	Increasing severity of abnormal weather events	Damage to plants due to natural disasters	Increased direct costs	Enhance and implement BCP (Business Continuity Planning)
Opportunities	Shift in Demand toward Ethical Consumption	Increased sales through sustainable protein production	Increase in sales	Increase sales of plant-based protein products
	Product Development	New revenue opportunities through research and development of alternative meat	Increase in sales	Development of cultured meat
	Reduction of environmental impact	Improved brand image and increased demand through reduced environmental impact (e.g., water use reduction, GHG emission reduction)	Increase in sales	- Strengthening efforts to reduce GHG emissions (renewable energy, energy efficiency, fuel conversion) - Recycling livestock and food waste
	Upcycling of Waste	Diversification of revenue sources through upcycling of livestock-derived waste (e.g., blood, pericardium)	Increase in sales	Effective utilization of by-products

4. Risk and Impact Management

Based on our key risk management policy, we specify, analyze, and evaluate risks related to the achievement of Group management targets and business activities, and establish a risk management system to ensure long-term trust and confidence from society.

Specifically, management risks that could potentially affect performance, stock price, and financial position are analyzed and finally evaluated by the Board of Directors, taking into account the likelihood of occurrence and the degree of impact. A company-wide risk map is reviewed annually.

We have built a structure that enables appropriate responses to identified risks and ensures the steady implementation of various measures to address the issues set.

5. Indicators and Targets

Our Group has set environmental conservation targets and is actively working toward achieving them.

Initiative	Indicator	Target
Climate Change	Greenhouse Gas Emissions (CO ₂ equivalent)	Reduce by 50% compared to FY2016 level (375,000 t) by FY2030; Net Zero by 2050
Response	Water Usage (per unit)	Reduce by 3% by FY2030, using FY2024 as the baseline year
	Waste Emissions (per unit)	Reduce by 3% by FY2030, using FY2024 as the baseline year
Resource Circulation	Recycling Rate of Livestock Waste	Maintain 100%

6. Response Measures

Example 1: Reducing Plastic Usage

Our Group is working to reduce plastic usage by switching product packaging to environmentally friendly design. For instance, in 2022, the packaging of *The GRAND Alt Bayern®* was changed from a pouch format to an eco-friendly design, reducing plastic usage by 30%.

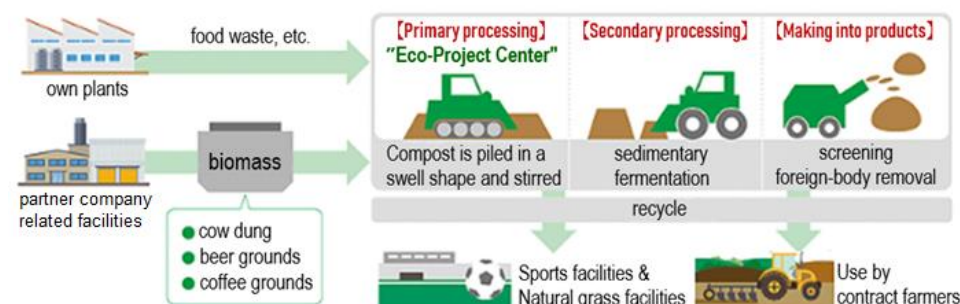
This initiative involves multiple approaches, including downsizing packaging and trays, using thinner packaging films, and adopting eco-friendly materials such as biomass plastics. These efforts also contribute to reducing marine pollution caused by plastics.

All products maintain the same content volume and quality while achieving reductions in plastic usage.



Example 2: Recycling Food Waste

As one initiative designed to reduce its environmental impact, the Group conducts food waste recycling activities at the Yonekyu Eco-Project Center (Fujinomiya City, Shizuoka Prefecture). The Center recycles food waste generated by our own plants and partner companies, producing approximately 500 tons of high-quality fertilizer (Compost Power) per year. The fertilizer produced is used for a variety of purposes, including by contracted farmers, thereby helping to reduce environmental impact.



Views of Yonekyu Eco-Project Center and compost stirring work

Example 3: 100% Reuse of Chicken Manure (Boiler Installation / Composting)

At our poultry farms operated by YONEKYU OISHII TORI (Tottori and Shizuoka), all poultry manure collected from poultry houses is 100% recycled.

We have introduced boilers that use poultry manure as fuel, and the heat generated is utilized for underfloor heating in poultry houses, creating a comfortable environment for poultry. The heat is also reused for hot water in factories, promoting efficient resource utilization.

Additionally, poultry manure is used for composting, further contributing to reducing environmental impact.



We collect poultry manure regularly and reuse 100%

Example 4: Effective Utilization of By-products

SANKYOMEAT plans to launch a meat extract manufacturing and sales business in FY2027. Meat extract is produced by processing bones, a by-product generated during meat processing, and is used in ramen soup and processed foods.

By leveraging fresh domestic raw materials (such as pork bones) supplied from our own factories and managing the entire process from procurement to processing, we ensure safe, high-quality products with stable supply. Internalizing the extract business within the Group maximizes value across the entire value chain and contributes to a sustainable livestock industry through effective utilization of by-products.



Outside view of meat extract factory

Example 5: ANZCO FOODS Biodiversity Project

In New Zealand, where our subsidiary ANZCO FOODS is located, 24% of total native vegetation exists on sheep and cattle grazing land. ANZCO's Five Star Beef farms have collaborated with local communities to advance biodiversity projects. Planting has been carried out using locally collected seeds suited to the ecosystem, with the total number planted to date reaching 10,000. ANZCO FOODS has committed to continuing this effort over the next seven years, planting 1,000 native species annually.