

# Initiatives for Global Environmental Conservation E

As part of its initiatives for global environmental conservation, the S&B Foods Group has set the reduction of environmental impact as one element of the S&B Foods Mission. In particular, we view climate change and biodiversity as issues that will have a significant impact on our businesses, which are centered around “Spice and Herb, the Earth’s Blessing.” Accordingly, we will engage in decarbonization and environmental conservation activities.

In response to climate change, we will actively promote information disclosure on the four items of “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets,” based on the recommendations of the TCFD\*1.

We will also promote biodiversity initiatives going forward, including information disclosure based on the recommendations of the TNFD\*2.

## Disclosure on Four Items Based on TCFD Recommendations

Item	Details
Governance	<ul style="list-style-type: none"><li>Risks and opportunities related to climate change, including disaster risk, are discussed in the Sustainability Committee and the Risk Management Committee, both of which have been established under the direct control of the Board of Directors. The members of both committees comprise mainly of board members, with the President and Representative Director serving as the chair and having ultimate responsibility for issues related to climate change.</li><li>The Board of Directors receives progress reports on activities related to climate change and disaster risk from the Risk Management Committee twice a year, and makes management decisions and manages and supervises these activities. It also issues resolutions on non-financial targets reported by the Sustainability Committee and announces the Group’s commitment to sustainable procurement and CO<sub>2</sub> emissions reduction targets.</li></ul>
Strategy	<ul style="list-style-type: none"><li>S&amp;B Foods conducts scenario analysis based on its view of the world in 2050 to examine business impact and response measures due to climate change risks and opportunities. As a result of this analysis, we found that there will be a significant impact on our business in terms of increased costs due to the future introduction of carbon taxes, increased procurement costs of spices and their impact on yield and quality, and flood damage due to severe extreme weather events. In response, we will strive to reduce our own CO<sub>2</sub> emissions, diversify spice production areas, and cultivate new production areas. We also believe that developing products that incorporate changing preferences and respond to the concept of ethical consumption will create opportunities. Two scenarios, the 2°C/1.5°C scenario and the 4°C scenario, were selected by referring to information from the United Nations Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).</li></ul> <p>* 2°C/1.5°C Scenario: A scenario in which the global average temperature increase since before the Industrial Revolution is kept below 2°C/1.5°C by the end of the 21st century</p> <p>4°C Scenario: A scenario in which the temperature rises by about 4°C by the end of the 21st century due to economic activities continuing to rely on fossil fuels such as oil and coal</p>
Risk Management	<ul style="list-style-type: none"><li>The Risk Management Committee, chaired by the President and Representative Director, manages risks that have a significant impact on business performance by dividing them into company-wide common risks and operational risks based on a materiality analysis. Company-wide common risks include disaster risk due to climate change. Risks are managed and supervised through quarterly activity reports to the chair of the committee and status reports at biannual meetings of the Board of Directors.</li></ul> <p>(Example of climate change-related risk response)</p> <ul style="list-style-type: none"><li>We have formulated business continuity plans (BCPs) for each region and business, clarifying the initial response to natural disasters and infectious diseases, reporting methods, and the establishment and roles of each task force.</li></ul>
Metrics and Targets	The S&B Foods Group aims to be carbon neutral by 2050. The goals for 2030 are as follows. <ul style="list-style-type: none"><li>■ Reduce CO<sub>2</sub> emissions by 50% (vs. fiscal 2019, Scope 1 &amp; 2 emission equivalent)</li><li>■ Reduce supply chain CO<sub>2</sub> emissions by 30% (vs. fiscal 2019, Scope 3 equivalent)</li></ul>

\*1 Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD was established by the Financial Stability Board (FSB) at the request of the G20 in 2015 with the aim of encouraging businesses and investors to address climate change in order to improve the current climate change situation. Discussions were also held within the TCFD regarding standards for disclosing climate change information, and the final report summarizing the standards for making disclosures in June 2017 is referred to as the TCFD recommendations. Based on the TCFD recommendations, companies around the world are now disclosing information on climate change.

\*2 Task Force on Nature-related Financial Disclosures (TNFD)

The TNFD provides one framework for disclosing corporate financial information that recommends evaluating and reporting how a company’s business activities are related to the natural environment and biodiversity, and what risks and opportunities they present.

## Climate Change Risk/Opportunity Impact Assessment

Category	Item	Risk / Opportunity	Impact on business	Time*	Degree of impact	Main countermeasures	
						Existing initiatives	Future initiatives
Transition risks and opportunities	Carbon tax	Risk	(When measures are implemented to limit the increase to 2°C) Introduction of carbon tax Additional costs, such as investments in renewable energy  (When measures are not implemented to limit the increase to 2°C) Carbon tax on CO <sub>2</sub> emission activity equivalent to 2023 levels	Medium to long term  Medium term Long term	Low  Medium High	<ul style="list-style-type: none"><li>Introducing solar power generation at factories</li><li>Shifting to electric and hybrid company vehicles</li><li>Efforts to improve efficiency of transportation and delivery</li><li>Reducing food waste and encouraging recycling</li><li>Participating in projects related to sustainable forestry, including research on CO<sub>2</sub> absorption measurement</li></ul>	<ul style="list-style-type: none"><li>Reducing petroleum-based plastic packaging (Non-financial target in the Third Medium-Term Business Plan)</li><li>Utilizing food residue as organic fertilizer</li></ul>
	Electricity prices	Risk	Increase in electricity cost when carbon neutral (in government’s reference power source configuration)	Long term	Low		<ul style="list-style-type: none"><li>Carbon offsetting, such as the purchase of non-fossil fuel certificates</li><li>Procuring of renewable energy (solar/hydro/wind)</li></ul>
	Changing preferences	Opportunity	Growing need for less cooking by heating	Long term	—	<ul style="list-style-type: none"><li>Enhancing time-saving cooking products</li></ul>	<ul style="list-style-type: none"><li>Adding microwave compatibility for household ready-made sauces in pouch (Non-financial target in the Third Medium-Term Business Plan)</li></ul>
Physical risks and opportunities	Spice-related	Risk	Increase in spice procurement costs and impact on yield and quality	Medium to long term	High	<ul style="list-style-type: none"><li>Sustainably procuring main spices taking into consideration safety, human rights, the environment, and compliance, with a target of reaching the goal by fiscal 2030</li><li>Procuring fair trade/organic certified spices and expanding contracted farming</li><li>Diversifying spice production areas/contracted farming</li></ul>	<ul style="list-style-type: none"><li>Cultivating new spice production areas</li><li>Promoting research on spice cultivation technology</li></ul>
		Opportunity	Expanding new spice production areas	Long term	High		
	Rise in outside temperature	Risk	Quality control of products for high-temperature conditions	Medium term	Low	<ul style="list-style-type: none"><li>Changing storage conditions during summer</li></ul>	<ul style="list-style-type: none"><li>Considering product design adapted to climate change</li></ul>
	Intensification of extreme weather	Risk	Shutdown of production factories due to flooding	Medium to long term	Low	<ul style="list-style-type: none"><li>Preparing disaster drills and BCPs, and further expanding business continuity management (BCM)</li><li>Checking hazard maps of business locations for flood risks and taking disaster prevention measures</li></ul>	

\*Medium term: Approximately 2030; long-term: approximately 2050

## Initiatives for Sustainable Procurement and Biodiversity

We view spices, which are core ingredients for S&B Foods, as well as palm oil and paper, which are recognized as having issues in areas of the environment and the biosphere, as important aspects of sustainable procurement, and are carrying out initiatives in these areas under a commitment we have established. For palm oil, we joined the Roundtable on Sustainable Palm Oil (RSPO) in 2017 and completed the switch to 100% RSPO-certified palm oil used in all products, which was targeted for fiscal 2023. We have also achieved our fiscal 2023 target for switching to FSC-certified paper for packaging, and will continue to work toward the next target.

In addition, S&B Foods has been participating since 2023 in the Vibrant Forest Project in the certified forest in the Ueda area of Nagano Prefecture, where

our Ueda Factory is located, as part of our efforts to contribute to local communities and biodiversity through environmental conservation near our offices and factories. In 2024, the second year of our participation, employees from our factories and sales offices participated in tree-planting activities as in the previous year, and once again experienced the importance of the project.

