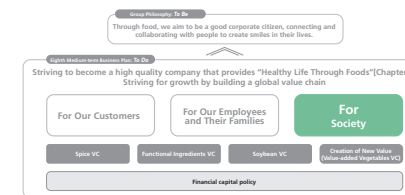


For Society



We aim to build a resource recycling-oriented society in order to realize healthy people and a healthy planet

Among the Three Responsibilities that form the basis of all activities of the House Foods Group, the fundamental idea is to establish a recycling-oriented model (environment) as a priority theme “for society/healthy people and a healthy planet.” The basic approach is to engage in sustainable corporate responsibility in relation to the environmental impact of global corporate activities (external diseconomies).

In order to fulfill “For Society,” we have announced the “House Foods Group Long-term Environmental Strategy 2050” and are aiming to build a resource recycling-oriented society that is unique to the House Foods Group.

The two important environmental issues we consider are “climate change action” and “the creation of a resource recycling-oriented society.” Among them, the CO₂ (Scopes 1 and 2) 2030 target (38% in total volume compared to FY2013) and the carbon-neutral target of 2050 are very high, but ICP (internal carbon pricing: 6,000 yen/t-CO₂) will accelerate the reduction of CO₂ (Scopes 1 and 2). In resource recycling, we will actively work with external parties to acquire new technologies and further promote efforts to avoid wasting the bounty of the earth.

Atsushi Sakuma

Director
General Manager of Corporate
Communication Headquarters
Responsible for Digital Strategy
Headquarters, Domestic
Affiliated Companies
House Foods Group Inc.



Results of the previous Medium-Term Business Plan	Establishment of a recycling-oriented model	Specific targets	Seventh Medium-term Business Plan Targets	Seventh Medium-term Business Plan Results
		Scopes 1 and 2 (per unit of production: compared to FY2013) Scope 3 (compared to prior to initiatives)	-9% -17,000 tons	-28% -26,483 tons
Issues of the previous Medium-Term Business Plan	<ul style="list-style-type: none"> Accelerate efforts to reduce CO₂ emissions to achieve the ambitious goal of carbon neutrality by 2050, and promote environmental investment using ICP 			

Medium-Term Business Plan KPIs and priority themes

Items	Eighth Medium-Term Business Plan (FY2026)	Ninth Medium-Term Business Plan (FY2029)
Scopes 1 and 2 (total volume, compared to FY2013)	-27%	-38%
Scope 3 (compared to prior to initiatives)	-5,000 tons	—
Waste (net sales per unit of materials, compared to FY2021)	-25.0%	—
By-product (Recycling rate)	99.5%	100.0%
Plastics (container packaging for Japanese products, derived from fossil-fuel resources, compared to FY2018)	-8.5%	—
Water (affected sites: “Areas at risk of water depletion” at production sites)	Implement water conservation measures	—

The story of the “for society” initiative

◇ Basic approach

Tackle the environmental impact caused by our global corporate activities as corporate responsibility

House Foods Group Long-term Environmental Strategy 2050

- Enhanced capacity to implement carbon neutrality in 2050
- Reduced the amount of waste, plastic and water used in order to recycle resources
- Contributed to a sustainable future

◇ Important issues for realizing House Foods Group Long-term Environmental Strategy 2050

Action on climate change
Aiming to become carbon neutral by 2050, we will make efforts to reduce CO₂ emissions

Creation of a resource recycling-oriented society
Make effective use of limited resources from the three perspectives of reduce, utilize and return



For Society

Healthy people and a healthy planet: Establishment of a recycling-oriented model House Foods Group Long-term Environmental Strategy 2050

The basic approach behind House Foods Group Long-term Environmental Strategy 2050 is to work on the establishment of a recycling-oriented model to realize healthy people and a healthy planet. The Group has stated that “action on climate change” and “the creation of a resource recycling-oriented society” are important environmental issues.

The first important issue is “action on climate change,” which aims for carbon neutrality in response to climate change, which threatens the provision of sustainable food, and protects the foundation of our business and society.

The second important issue is the creation of a resource recycling-oriented society, which aims to ensure the sustainability of the value chains by creating mechanisms for recycling by reducing, utilizing and returning the earth's limited resources.

House Foods Group Long-term Environmental Strategy 2050

As a company that delivers delicious and healthy food, we aim to establish a recycling-oriented model that will preserve the bounty of nature and continue to generate value.

The Recycling-oriented Model the House Foods Group aims to create

A recycling-oriented model is one that makes the food value chain sustainable through action on climate change and the creation of a resource recycling-oriented society.

1. Action on climate change

We aim to be carbon neutral in response to climate change, which threatens the supply of sustainable foods, and will protect the foundation of our business and society.

2. The creation of a resource recycling-oriented society

Creating a system to recycle limited resources on the planet by “reducing,” “utilizing” and “returning,” thereby making the value chain sustainable.

Key issue 1

Action on climate change

Aiming to become carbon neutral by 2050, we will make efforts to reduce CO₂ emissions

Initiatives for Scopes 1 and 2

For Scopes 1 and 2, we declared that we set a carbon-neutral target for 2050 and would work to reduce emissions.

In FY2023, the total volume of reduction (energy sources) was 16% compared to the baseline year (FY2013). The FY2030 target is set in accordance with the Japanese government's goals. To meet these very high goals, we will make reductions by lowering the barriers to realizing new environmental capital investment through ICP.

■ Introduction of an Internal Carbon Pricing (ICP)* system

In terms of capital investment that contributed to the reduction of CO₂ (Scopes 1 and 2), environmental investment standards were applied from FY2018 on conditions such as “the feasibility of return on investment in the number of years in production.” In March 2024, we introduced an ICP system in conjunction with the raising of our reduction target.

◇ Outline of the policy

Internal carbon price	6,000 yen/t-CO ₂
Subject	Capital investment that contributes to the reduction in our CO ₂ emissions (Scopes 1 and 2)
Operation method	The amount of CO ₂ emission reductions associated with a qualifying capital investment multiplied by the internal carbon price is considered a cost benefit. In addition, investment decisions are made based on the return on investment in “actual years” that are longer than our investment payback criteria.

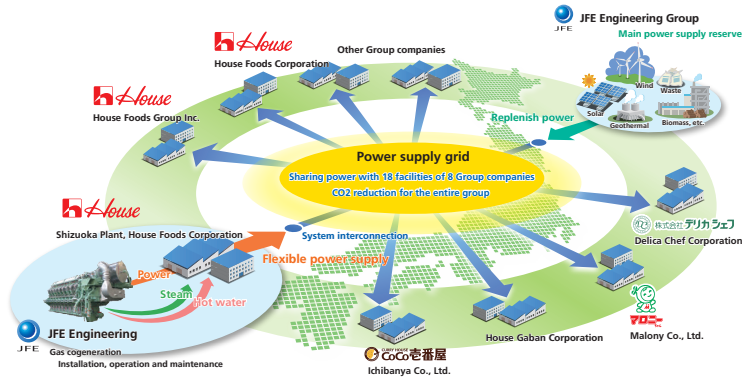
* Internal Carbon Pricing (ICP) system: A system whereby companies independently put a price on CO₂ emissions and use it as a cost for investment decisions.

For Society

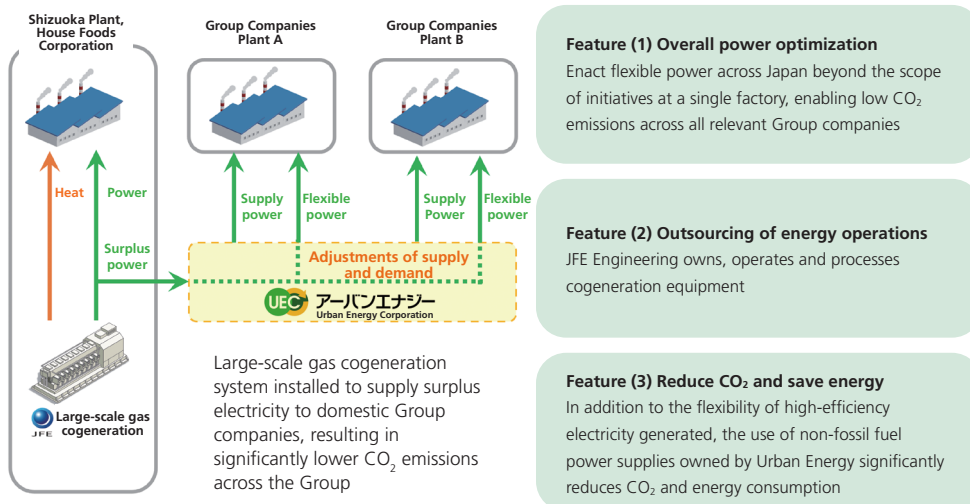
Commenced operation of the Total Energy Services for Multiple Sites

In order to achieve carbon neutral in 2050, we began operating the Total Energy Services for Multiple Sites in April 2024. This service connects multiple locations and provides energy flexibility to reduce CO₂ and costs across the Group. We have installed large-scale gas generation systems at the House Foods Group's production sites and are working to reduce CO₂ emissions by 16% at the target sites by providing efficient use of the heat energy generated there, and by flexible use of the electrical energy generated at the same time to 18 sites at 8 Group companies

Image diagram of Total Energy Services for Multiple Sites

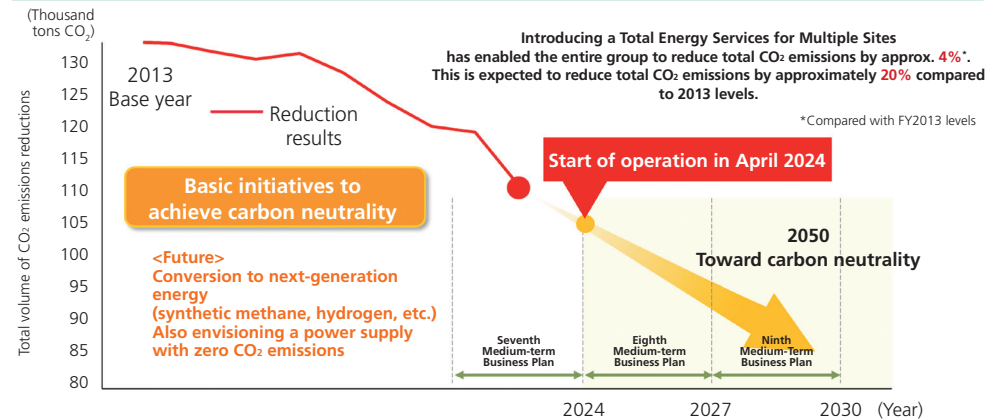


- Mechanism of the Total Energy Services for Multiple Sites



Effect of introducing the Total Energy Services for Multiple Sites

Anticipated CO₂ emission reductions of **5,300 t** per year
 Projected **16.3%** reduction in CO₂ emissions at target sites (18 sites at eight companies)
 (compared to FY2022)
 Estimated **21.5%** reduction in energy use at Shizuoka Plant (compared to FY2020)



Total Energy Services for Multiple Sites
 The ceremony to commemorate the start of operation
 (May 2024, Shizuoka Plant, House Foods)

Future initiatives

As a transition strategy to being carbon neutral, we believe that reducing fossil fuel energy consumption through the use of gas cogeneration systems is very effective. The effect can be even greater if hydrogen and methanation gases can be available for use in the future.

In addition to this initiative, we are also making use of renewable energy sources, such as solar power. Going forward, we will work to achieve carbon neutrality by 2050, considering further measures to reduce CO₂ such as the use of hydrogen fuel.

For Society

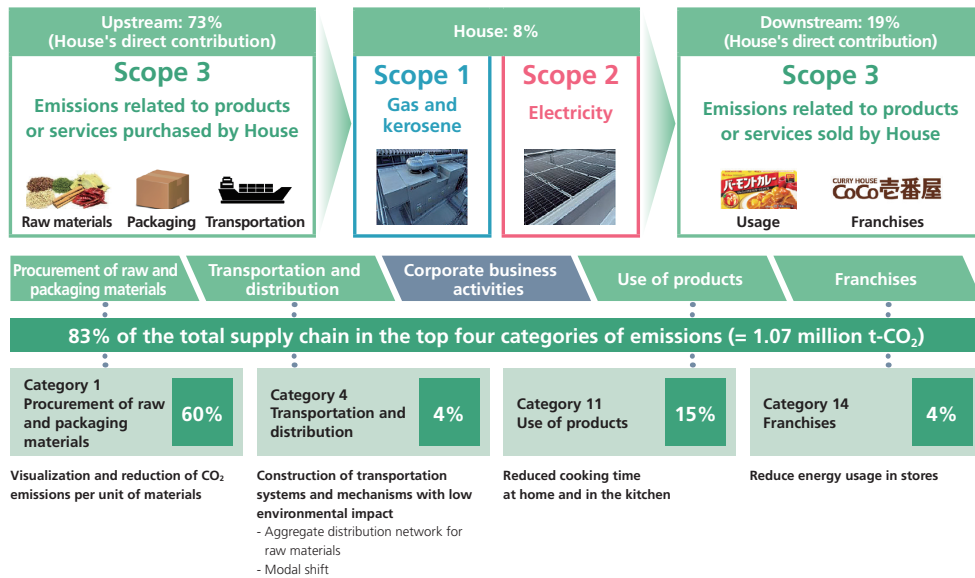
Scope 3 initiatives

The CO₂ emissions in Scope 3 are very high, and approximately 1.18 million tons of the 1.28 million tons of CO₂ emissions from the House Foods Group in FY2023 also fall under Scope 3. Of these, 1.07 million tons, or 83% of the entire supply chain, are from the top four categories of all fifteen Scope 3 categories.

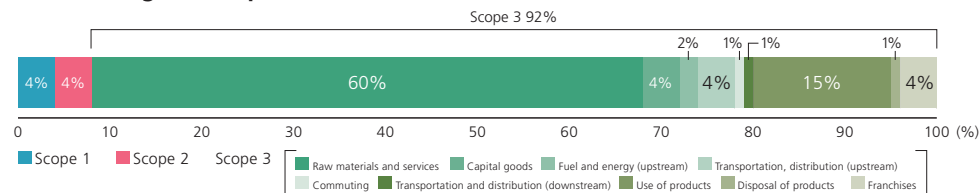
In the Eighth Medium-Term Business Plan, we will focus on these top four categories and aim to reduce CO₂ by 5,000 tons as the goal of the Medium-Term Business Plan.

In particular, we will work with materials suppliers to calculate and reduce CO₂ emissions per unit in Category 1, which produces the most emissions, “raw materials and packaging materials procurement.”

We also look at the challenge of calculating CO₂ emissions (CFPs) for each product.



Percentage of Scope 1, 2 and 3 emissions (FY2023 results)



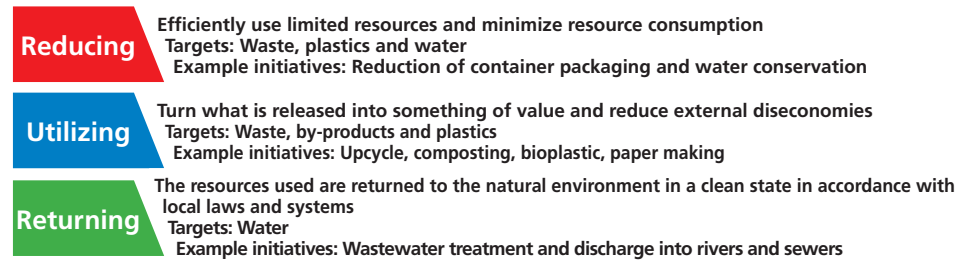
Key issue 2

Creation of a resource recycling-oriented society Make effective use of limited resources from the three perspectives of reduce, utilize and return

The second important issue of the long-term environmental strategy is the creation of a resource recycling-oriented society.

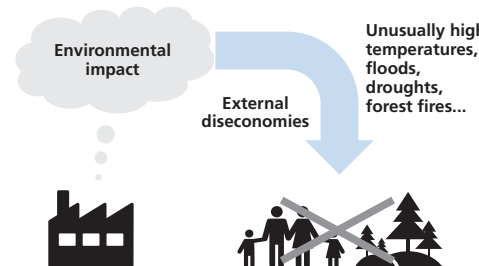
In cooperation with stakeholders, we will build a system to cycle through the three perspectives of reducing, utilizing and returning limited resources on the planet, thereby making the VC sustainable.

The Eighth Medium-term Business Plan addresses waste and by-products, plastics and water.



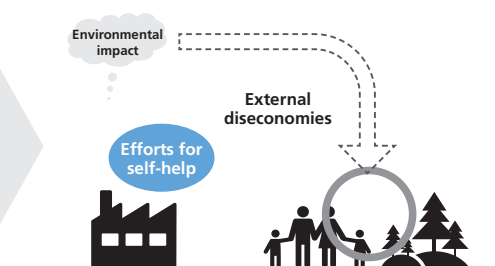
By recycling limited resources by reducing, utilizing and returning, we will ultimately aim to achieve zero waste (external diseconomies).

Image of external diseconomies



Failure to address environmental issues increases extreme weather events, disasters and pollution, and those that suffer (and pay the cost) are nature and unrelated people

The “responsibility for society” according to the House Foods Group



For Society

Waste

First, we will try to control generation, and then we will eliminate external diseconomies by making anything that is still generated a valuable resource.

In-house fermentation and composting

Vegetable residue discharged from the process is composted by primary fermentation using the power of microbes at our sites and transferred into a valuable resource. The transfer site further ferments the product to compost and is used by local farmers.



Primary fermentation device

Considering the use of lipid degradation technology

Through the second House Foods Group Innovation Fund, we are working to make use of the lipid degradation technology of Friend Microbe Inc., with which it has a capital and business alliance. At present, we are promoting joint efforts to break down high concentrations of lipids in plant wastewater. In the future, we will continue to develop a wider range of microorganisms for lipid degradation, in addition to handling lipids in wastewater. We will also develop systems for introducing them into grease traps and for applying them to waste disposal machines.



Test of lipid degradation technology

By-products

In the process of producing products, we are working to make valuable resources from the by-products that are inevitably generated from the use of natural products. By-products are extremely difficult to control and are managed separately from waste.

The by-products of the Group are soy pulp (House Foods America, Keystone Natural Holdings), mustard residue (Tim Food) and okra and wasabi residue (Java Agritech).

We are working on "recycling internal resources" that we ferment, compost and use in our farms

Java Agritech uses compost made from residues produced by its farms.

In 2021, we promoted the development of technology for composting residue with external experts. In 2022, we were able to expand the scale.

We are working to achieve 100% composting by 2030.



Generated okra residue



Composting

Plastics

We aim to solve both resource and environmental issues by designing plastic products to prevent waste from being released through recycling of resources during all processes, from design to manufacturing and after use.

Use of bioplastics

Vermont Curry (230 g) has reduced petroleum-derived plastic raw materials and has also developed and adopted a new tray that uses some plant-derived raw materials.



New packaging format for curry roux

In February 2024, we released a household Japanese curry roux product in Indonesia. This new product has environmentally friendly packaging that contains solid curry roux directly in the outer bag and does not use a plastic tray.



Water

Water shortage at Group operating company plant locations

Water Stress is an evaluation index of the Aqueduct Country Ranking developed by the World Resources Institute, which is used to check the water stress status in different regions.

In areas with high water risk, we are conducting follow-up studies and considering water saving measures as necessary.

Water stress risk in 2050	Country/region
>80% (very high)	California, USA, and Dalian, China
40–80% (high)	New Jersey, USA; Shanghai and Zhejiang, China; Bangkok, Thailand; and Semarang, Indonesia
20–40% (medium)	Japan; Pennsylvania, USA; and Dong Nai, Vietnam
<10% (low)	Penang, Malaysia

Status of initiatives related to water

House Foods Group purifies water in its wastewater treatment facilities according to local rules and customs before releasing it to rivers or sewers. In addition, the limited number of plants that do not have water treatment facilities drain the fluids according to rules for local public sewers. No production bases in Japan or overseas released water directly into the natural environment such as rivers, and we are committed to protecting such natural environments, including basins.



For Society

Response to the Task Force on Climate-related Financial Disclosures (TCFD)

In May 2021, the Group declared its endorsement of the recommendations of the “TCFD,” formed by G20’s Financial Stability Board (FSB) and joined the TCFD Consortium. Since FY2022, the Sustainability Management Division has been leading an examination of our response to climate change in line with the TCFD recommendations, as our division in charge of climate action, and four items are disclosed below.

Governance

Reducing the environmental burden throughout value chains is a priority challenge that the Group is taking on and reducing CO₂ is included in our medium-term business plan. We have incorporated strategies and targets for CO₂ emissions reductions into our medium-term business plans, and are making progress. Following discussions by the House Foods Group Management Committee, the initiatives and targets of each medium-term business plan are subject to approval and a final decision by the House Foods Group Board of Directors.

The Group CSR Committee, which is comprised primarily of Directors, confirms the progress of initiatives and targets, supervises and advises management and works to strengthen collaboration within the Group.

In addition, in May 2022, it set and announced a carbon-neutral target for 2050 (Scopes 1 and 2), leading to accelerated efforts in reducing emissions.



Risk management

The Sustainability Management Division, which is the main department in charge of climate change response, carries out evaluations of risks and opportunities. We are considering countermeasures to address the high-priority risks and opportunities among those identified. Countermeasures are incorporated into long-term environmental strategy and Group-wide strategy and reported to the House Foods Group Management Committee, after which a final decision is made by the House Foods Group Board of Directors.

The Group Environmental Management Committee, in which the environment managers of each company and site participate, reports to the Group CSR Committee (Secretariat: Sustainability Management Division) on the progress and management of measures.

Strategy

In addition to reducing CO₂ in our own production activities, we are also developing environmental activities that take into account climate change throughout the value chain. In the Seventh Medium-term Business Plan, which began in FY2021, we aim to accelerate our CO₂ emissions reductions and broaden the scope of our initiatives. Taking both a global and a supply chain perspective, we are working to reduce emissions in collaboration with suppliers and in all aspects of our internal Group activities.

In FY2022, we conducted a scenario analysis for House Foods Corporation, a core Company within the Group. Through this analysis, we identified climate change risks and opportunities and considered countermeasures to address them. In FY2023, we formulated a long-term environmental strategy and formulated the Eighth Medium-term Business Plan based on that strategy. Responses to key risks and opportunities identified through scenario analysis will be prioritized and reflected in our businesses and medium-term business plans.

Indicators and targets

With the aim of becoming carbon neutral in 2050, we have set new indicators and targets in the Eighth Medium-term Business Plan that begins in FY2024.

[CO₂ reduction targets]

■ Scope 1 and 2

As we aim to achieve carbon neutrality in CO₂ emissions from our company toward 2050, we have changed the index from units of materials to total volume, setting the total target for 2030 to -38% of total volume and the total target for the Eighth Medium-term Business Plan to -27% of total volume (both compared to FY2013).

■ Scope 3

In order to reduce in-house CO₂ emissions and throughout our supply chain, we have set a target of -5,000 tons in the Eighth Medium-term Business Plan (compared to prior to initiatives) and aim to reduce CO₂ in cooperation with our stakeholders.

Initiatives	Management	Last performance	Medium- to long-term goals		
		FY2023	FY2026 (Eighth Medium-term Business Plan)	2030	2050
Scopes 1 and 2	Ratio of CO ₂ emissions reductions in total volume (compared to FY2013 baseline year)	16%	27%	38%	Carbon neutrality
Scope 3	Emissions reduction (t) (Compared to prior to initiatives)	26,483	5,000	—	—

➔ See here for details of disclosure
<https://housefoods-group.com/sustainability/report/esg/pdf/tcfd.pdf>
 (Japanese only)