Environmental Policy and Management

● KAMEDA SEIKA Group Environmental Policy

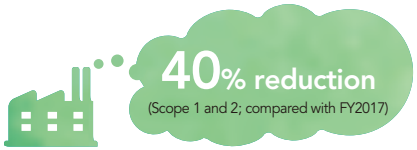
① Our mission is to deliver health, deliciousness and excitement to our customers.
② As a corporate citizen, we contribute to and exist in harmony with local communities through ecological activities.

● Environmental Management System

The KAMEDA SEIKA Group conducts environmental management in accordance with its Environmental Policy, mainly through the Sustainability Promotion Task Force and the EMS Secretariat. In addition, since December 2002 the Group has acquired ISO 14001 certification of its environmental management systems at the headquarters and R&D Center (Production Division, Facility Development Department) of KAMEDA SEIKA CO., LTD., the Kameda Plant, the Motomachi Plant, the Suibara Plant and the Shirone Plant. The Environmental Committee of each certified location meets on a monthly basis, and the EMS Secretariat hosts a monthly EMS Meeting attended by representatives of each location to formulate environmental targets and manage progress.

Response to Climate Change

Total Greenhouse Gas Emissions (FY2030 Target)



KAMEDA SEIKA has set a goal of reducing greenhouse gas emissions by 40% by FY2030 compared with FY2017. We are working to curb emissions in the manufacturing process as well as during transportation, including promoting a modal shift. In addition, we are drafting measures to calculate and reduce emissions throughout the supply chain.

● Reducing CO_2 Emissions and Energy Consumption

Specific measures have included the conversion of core machinery at all four Company plants in Niigata Prefecture from fuel oil A and liquefied petroleum (LP) gas to city gas. In August 2022, the Kameda Plant introduced 100% carbon-free Yorisou renewable energy supplied by Tohoku Electric Power Co., Ltd.

We are also working to reduce energy consumption in rice cracker manufacturing processes, including through an upgrade to baking equipment with high thermal efficiency and reuse of waste heat.

● Promotion of Modal Shift

We have been promoting a shift from truck to railway freight transport, which has lower CO_2 emissions, and are certified as an Eco-Rail Mark company. In FY2021, the modal shift rate was 29.8%. Subsidiary Niigata Yusou Co., Ltd. is also certified as an Eco-Rail Mark company.

Initiatives to Contribute to Establishing a Circular Economy

For the Group to conduct its business activities in a sustainable manner, it is essential to establish a circular economy that effectively uses limited resources and thus reduce its impact on the Earth. We will contribute to establishing such an economy by curbing the amount of waste generated in our business activities and by working to use resources efficiently.

Use of Sake Rice

Rice is one of nature's blessings, and one measure we employ to use it without waste is utilizing the rice flour left over from polishing rice for sake as a raw material in KAMEDA Kaki-no-Tane.

Use of Plastic

Awareness is growing worldwide about issues caused by single-use plastics, including the increase in marine plastic waste and the impact on the global environment from greenhouse gases generated during plastic incineration.

As a manufacturer of consumer goods, the Group recognizes that reducing the amount of plastic it uses is a key issue that should be addressed as a priority. We have set targets for FY2030 of switching to ECO-packages for all KAMEDA SEIKA products and reducing the amount of plastic we use by 30% compared with FY2017.

We will continue working to resolve issues through these initiatives and to drive change in the rice cracker industry as its leading company.

Food Waste and Final Landfill Waste

The Company conducts initiatives to reduce food loss in its manufacturing processes through eco-feed activities, in which rice cracker scraps are recycled as livestock and fish feed, and through donations of products to food banks. We are also working to reduce food loss at domestic and overseas Group companies. For example, subsidiary LYLY KAMEDA CO., LTD. provides food generated in the manufacturing process that would otherwise have been disposed of to ECOLOGGIE Inc. as feed for crickets.

Disclosure Based on the Task Force on Climate-related Financial Disclosures (TCFD) Framework

Endorsement of TCFD Recommendations

In the medium-term business plan launched in FY2018, the KAMEDA SEIKA Group set the goal of strengthening initiatives toward sustainability and is working to achieve sustainable growth and enhance corporate value.

As a company that uses agricultural products as its main raw materials, we believe that responding appropriately to climate change is a task of the utmost priority, because it is likely to have a serious impact on our supply chain. In November 2021, the Company announced its endorsement of the TCFD recommendations and joined the TCFD Consortium, a forum for discussion among supporting companies and financial institutions.

Governance

The Sustainability Promotion Task Force, which is headed by the Chairman & CEO, engages in sustainability initiatives including climate change issues based on the Basic Policy on Sustainability formulated in FY2021. The Sustainability Promotion Task Force sets policies and detailed targets for the resolution of various issues related to sustainability, devises systems and specific execution methods for their implementation, and monitors the progress of measures, among other activities.

Details of the Sustainability Promotion Task Force's activities are submitted regularly for discussion or reported to the Board of Directors so it can fulfill its role of overseeing the status of responses to key issues.

Strategy (Scenario Analysis)

We have considered two world views of the future, a 4°C scenario and a 2°C scenario, covering the entire Group-wide value chain including procurement, production, and supply of products and services. We have examined the impact of climate change on the Group up to 2030, and identified risks and opportunities in each world view.

Rice is the Group's main raw material. According to the future projection parameters disclosed by external organizations, it is predicted that yield will increase and sales prices will decrease due to an increase in the concentration of CO_2 in the atmosphere. This will contribute to rice growth and an expansion of production areas as a result of higher temperatures. Based on this prediction, we have calculated estimates based on factors such as price projections, average yield trends and the consumption-production balance under each scenario. As a result, we have confirmed the possibility that purchasing costs could decrease.

In addition, we have confirmed the possibility that the Group's development of plant-based foods (meat analogues) and the promotion of a shift to ECO-packages are initiatives that have the potential to create business opportunities as product lines that meet the needs of customers, including for ethical consumption, in a world view where climate change is advancing.

Outlook of the Global Mean Yields of Rice (2020=1)

Classification	2030	2050
RCP2.6	1.07	1.08
RCP8.5	1.17	1.21

Source: National Agriculture and Food Research Organization (NARO), "Outlook of Global Mean Yields of Major Crops"

Risk Management

The management of climate change-related risks is integrated into the Company-wide risk management system, and is led by the Risk Management Committee. In principle, the committee meets at least once each quarter, and reports to the Board of Directors on the content of its deliberations and the progress of discussions as part of its efforts to control and manage overall risk management.

Key Impacts on the Group under Each Scenario

Classification	Risk	Impact on Business	Degree of Impact 4°C	Degree of Impact 2°C
Transitional Risks	Introduction of carbon pricing	Operating and raw material costs will increase with the introduction of carbon taxes and emission rights trading	Low	High
	Increase in electricity prices	Electricity costs will rise with the shift to renewable energy generation	Low	Medium
	Increase in packaging costs	Cost of petroleum-based plastic packaging materials will increase due to higher fossil fuel prices and the enforcement of plastic use regulations	Medium	Medium
	Changes in customer preferences	Increased consumer awareness, including ethical consumption, will affect the demand for conventional products	Medium	High
Physical Risks	More severe extreme weather events	Losses and costs to respond will be incurred due to direct damage and disruption of logistics networks caused by typhoons and torrential rains	High	High
	Rising temperatures and changing weather patterns	Quantity and cost of procurement will be affected, including a decline in the quality of the Group's main raw materials such as rice and peanuts	High	Medium

Indicators and Targets

In order to assess and manage the impact of climate change issues on management, we use total greenhouse gas (CO_2) emissions as a metric, and have set the target of reducing total greenhouse gas (CO_2) emissions by 40% by FY2030 (compared with FY2017).

As a manufacturer of consumer goods, we recognize that the Group-wide reduction of the amount of plastic used is a key issue that should be addressed as a priority, in addition to reducing Scope 3 greenhouse gas emissions. We are working to reduce the amount of plastic we use by eliminating plastic trays from our products and switching to slimmer ECO-packages. By FY2030, we intend to switch to ECO-packages for all KAMEDA SEIKA products, with the aim of reducing the amount of plastic we use by 30% (compared with FY2017).

Initiatives for TCFD Recommendations
https://contents.xj-storage.jp/xcontents/AS01309/fe24a744/a5ff/4683/8a16/70ee3afecb07/20220621172928555s.pdf