

## Environmental Initiatives

# Initiatives for the Environment

## Shift to energy efficiency and renewable energy

Most of the Starzen Group's GHGs are emitted from our plants, and we are proactively advancing measures, such as the installation of highly efficient equipment at each plant.

We are also pushing ahead with the introduction of renewable energy, and in addition to promoting the installation of solar power generation systems, we are switching to electricity generated without the use of fossil fuels.

The Akune Plant uses a large amount of steam in

production processes, and previously, heavy oil was used to fuel its boiler. However, since 2024, we have been moving forward with a plan to switch to an LNG-powered boiler with a low CO2 emission coefficient.

The boiler, scheduled to begin operation in January 2026, is expected to reduce CO2 emissions by approximately 500 tons per year, equivalent to approximately 10% of the total CO2 emissions at the plant.

## GHG Reduction Committee

As part of our efforts to address the issues of climate change, the Starzen Group endorsed the Task Force on Climate-related Financial Disclosure (TCFD) recommendations in December 2021 and has been reporting climate-related information based on the TCFD framework since June 2023.

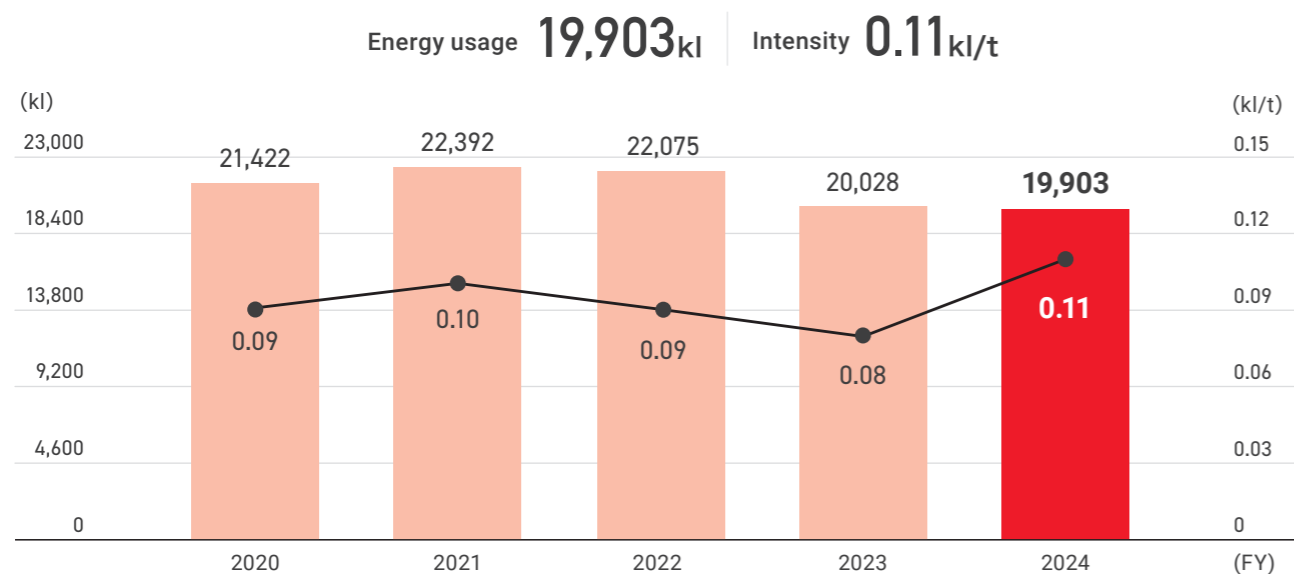
The Group has set a target of a 42% reduction in Scope 1 and 2 GHG emissions and a 25% reduction in

Scope 3 emissions by fiscal 2030. These targets were certified as science-based targets (SBTs) in June 2024.

The GHG Reduction Committee, comprising managers at each plant, is working to ramp up energy-saving initiatives and roll out these programs across the Group.

Specific initiatives include the gradual rollout of an energy management system that can visualize the status energy consumption in real time.

### Trends in energy usage



■ Energy usage in crude oil equivalent (left scale) ● Energy usage intensity (right scale)

\*Total for meat processing business (seven plants) and food processing business (seven plants)

## Initiatives for food loss and waste

Japan generates over 4.7 million tons of food waste every year. Usually, meat and processed meat products are discounted in stores as they approach their best-before dates, but if they remain unsold, they are thrown out.

The Group's meat processing plants are addressing this issue by placing meat that is processed under advanced hygiene controls and has fewer initial bacteria

counts into vacuum-seal packaging, gas exchange packaging, or packaging with an oxygen absorber. This allows us to extend best-before dates significantly compared to conventional sliced meat packaging.

Extending best-before dates can help to reduce food waste and loss, and also reduce waste in delivery.

	Air-containing packaging	Gas exchange packaging
Domestic beef	4 days	7 days or longer
Domestic pork	4 days	7 days or longer
Domestic beef by-products	2-3 days	10 days
Domestic pork by-products	2-3 days	8-10 days

\*When stored at 4°C or lower

## Adoption of eco-friendly packaging materials

As part of our efforts to reduce our environmental impact, the Group is actively working to reevaluate our packaging materials.

We are promoting the use of eco-friendly plastic trays, and we increased the proportion of their use to around 60% in fiscal 2024.

With regard to commercial-use hamburger steaks, we have managed to reduce GHG emissions by approximately 25 tons per year by increasing the use of packaging film materials having low environmental impact.

Additionally, in order to convey these environmental efforts to our customers, we are conducting awareness-raising activities using our proprietary "Ecostar" logo denoting our environmentally friendly products based on our own standards.



The name Ecostar came from an internal "eco-friendly Starzen" campaign for a logo to express our dedication to environmental efforts across the Starzen Group.

## Climate Action

# Enhancement of Measures against Climate Change

## Using the TCFD Framework to disclose risks and opportunities

In February 2022, the Starzen Group identified issues of materiality that it must address over the medium to long term in order to realize a sustainable society.

Among these, social and environmental issues caused by climate change are urgent issues. The medium- to long-term management plan includes an investment plan to promote initiatives that address these issues, including the installation of renewable energy and energy-saving equipment.

We have also identified risks and opportunities for the Group by conducting scenario analyses and estimating the impacts on our business, the domestic and overseas livestock industries, and consumers.

We have used the TCFD framework to organize these risks and opportunities into four categories: governance, strategy, risk management, and metrics and targets, with information disclosed based on actual figures for fiscal 2023.

### Progress of TCFD initiatives and future response policy

<b>Governance</b>	In order to promote sustainability management, we have established the Sustainability Committee as an advisory body to the Board of Directors. The committee meets quarterly to deliberate on the formulation of policies related to sustainability promotion and the progress of materiality, reporting and making recommendations to the Board of Directors. Based on the committee's recommendations and reports, the Board of Directors is able to fully understand the status of the Group's efforts to promote sustainability and utilizes the information in the formulation of various strategies.
<b>Strategy</b>	We have formulated a scenario detailing the impacts on its business if the global average temperature rises by 1.5/2°C or 4°C by 2100 compared to preindustrial levels. Based on the scenario, we will estimate the financial impacts of risks and opportunities that will significantly affect the Group's business and reflect the findings in our future strategies.
<b>Risk management</b>	In accordance with the Risk Management Regulations, the Risk Management Committee, which meets quarterly, deliberates and discusses Groupwide risks, including sustainability, and makes recommendations and reports to the Board of Directors. In our risk management, we have formulated a matrix based on the frequency of occurrence and the scale of damage, and we have established a system for fixed-point observation of material risks by the committee.
<b>Metrics and targets</b>	We have established targets for a 42% reduction in Scope 1 and 2 GHG emissions and a 25% reduction in Scope 3 emissions by fiscal 2030 compared to fiscal 2022. Trends in the Group's GHG emissions are posted on our corporate website. Going forward, we will continue to work to reduce our GHG emissions toward carbon neutrality.

GHG emissions

## "B" score rating from the CDP

We received a "B" score rating in CDP Climate Change Report 2024 published by the Carbon Disclosure Project (CDP). The CDP provides a global platform for companies or local governments to disclose environmental information on climate change, deforestation, and water security.

A "B" score indicates environmental management. Companies with this score understand the environmental risks and impacts of their own business and take actions accordingly.

The score not only evaluates our information disclosure using the TCFD framework but also reflects our initiatives to combat climate change, such as the disclosure of Scope 1, 2, and 3 emissions.



## SBTi-certified 1.5°C-aligned targets

The Science Based Targets initiative (SBTi) is a partnership between the World Wide Fund for Nature (WWF), CDP, World Resources Institute (WRI), and the United Nations Global Compact. The SBTi recognizes that companies should have an important role to play in combating climate change, provides support by promoting best practice in science-based target setting, and independently certifies companies' GHG reduction targets.

We have joined this effort, and our GHG reduction targets toward fiscal 2030 have been certified as consistent with the 1.5°C target outlined by the Paris Agreement.

Obtaining SBT certification is a first step toward achieving our goal of becoming a company that is chosen by customers and can continue to grow.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

## Raising funds through sustainable finance

As part of our efforts to promote sustainability management, we implemented fund-raising through sustainable finance in February 2025.

Sustainable finance refers to a system in which financial institutions, etc. set and change loan conditions for borrowing companies according to their efforts to address environmental and social issues.

This system helps to promote the sustainable growth of companies through preferential treatment in regard

to interest rates and other benefits given according to the degree to which targets are achieved.

The scheme we have used allows for flexibility regarding how the funds are used, which enables such funds to be used not only for investments related to environmental measures, but also be used strategically for multiple initiatives, including growth investments such as those for the expansion of overseas businesses.

### Overview of fund-raising through sustainable finance

<b>Financial product</b>	Sustainability Linked Loan	Mizuho Eco Finance
<b>Contract day</b>	February 20, 2025	February 20, 2025
<b>Contract partner</b>	Sumitomo Mitsui Banking Corporation	Mizuho Bank, Ltd.
<b>Amount financed</b>	¥2 billion	¥2 billion
<b>Purpose of loan</b>	Working capital	Working capital
<b>Environment target</b>	CDP Climate change score A-	Reduce GHG emissions

## Climate Action

# Enhancement of Measures against Climate Change

## Overview of scenario analysis

After aggregating information on business risks and opportunities, as well as identifying the risks and opportunities of climate change that the Company faces, we narrowed down the key points to those with a particularly high degree of impact. Based on the published climate change scenarios, we objectively predicted the future and made assumptions on various risks and opportunities in order to quantitatively analyze their impact on our business under the 1.5°C and 4°C scenarios.

## Identification of risks and opportunities

The results of identifying and assessing the importance of climate change risks and opportunities that may affect the Group's business are as follows.

Type	Risk/opportunity items		Impacts on business		Importance
	Category	Item	Risks/opportunities	Impacts due to risks/opportunities	
Transition risk/possible opportunities	Policy/regulations	Rising carbon prices	Risks	<ul style="list-style-type: none"> <li>Increased carbon tax burden or rising purchasing costs in response to increased carbon tax burden of suppliers</li> </ul>	Large
		Regulations on feed, water, and land	Risks	<ul style="list-style-type: none"> <li>Rising purchasing costs for beef and pork due to suppliers passing on regulatory compliance costs to product prices</li> </ul>	Medium
		Regulations to control livestock excrement	Risks	<ul style="list-style-type: none"> <li>Increasing costs for investigations and countermeasures</li> </ul>	Small
		Stricter regulations on plastics	Risks	<ul style="list-style-type: none"> <li>Increasing manufacturing costs due to the implementation of laws on plastics recycling (higher costs to purchase and recycle containers and packaging materials)</li> </ul>	Small
	Markets	Changes in consumer tastes	Risks	<ul style="list-style-type: none"> <li>Declining demand for products with large environmental impacts</li> </ul>	Large
			Opportunities	<ul style="list-style-type: none"> <li>Growing demand for development of products with low environmental impacts and for alternative sources of protein</li> </ul>	
		Rising fuel and electricity prices	Risks	<ul style="list-style-type: none"> <li>Increasing transportation and storage costs due to rising fuel prices, etc.</li> </ul>	Medium
		Opportunities	<ul style="list-style-type: none"> <li>Lower production costs from the utilization of solar, geothermal, or other forms of renewable energy</li> </ul>		
	Technologies	Development of new low-carbon production technologies	Risks	<ul style="list-style-type: none"> <li>Rising costs for packaging materials and additives, and rising costs of refrigerants due to changes in demand for fossil resources</li> </ul>	Small
			Opportunities	<ul style="list-style-type: none"> <li>Growing capital investments to expand adoption of energy-efficient equipment and declining asset value of existing facilities due to the faster pace of technological innovation</li> </ul>	
Physical risk/possible opportunities	Chronic	Impacts on crops used as feed caused by long-term changes in rainfall and weather patterns	Risks	<ul style="list-style-type: none"> <li>Growing demand for compost made from livestock excrement due to reduced access to petroleum-derived fertilizer</li> </ul>	Medium
			Opportunities	<ul style="list-style-type: none"> <li>Increasing sales from the marketing of certified-sustainable beef products</li> </ul>	
	Acute	Increasing frequency and severity of extreme weather	Risks	<ul style="list-style-type: none"> <li>Adverse impacts on livestock as well as on feed and raw materials procurement, and rising electricity costs related to refrigeration, freezing, and HVAC</li> </ul>	Large
			Risks	<ul style="list-style-type: none"> <li>Rising prices for feed commodities because of poor crop yields caused by water stress</li> <li>Rising cost to restructure supply chains following the shift in areas suited for production</li> <li>Difficulty sourcing groundwater due to saline intrusion in areas where groundwater is used for irrigation or industrial purposes</li> </ul>	Medium
			Risks	<ul style="list-style-type: none"> <li>Declining productivity and damage to farms or livestock caused by the increasing frequency and severity of storm and flood damage</li> <li>Suspension of operations due to plant collapse or production equipment damages</li> <li>Suspension of transportation due to disruptions in logistics networks or warehouse damage, etc.</li> </ul>	Medium

## Climate Action

# Enhancement of Measures against Climate Change

## Scenario analysis definitions

Referring to the climate change scenarios published by the International Energy Agency (IEA) and others, we selected scenarios in which the average global temperature is expected to rise by 1.5/2°C or by 4°C, respectively, by 2100 compared to preindustrial levels.

Recognizing that the effects of climate change are likely to materialize over a medium- to long-term time horizon, we are analyzing the impacts of climate change in 2050 as our timeline.

The assumptions used for each scenario are described below.

### 1.5/2°C

The impact of physical risks will remain limited, but responding to transition risks, such as various regulations and customer requests, will be necessary.

### 4°C

Governments' low-carbon policies are also limited, the transition to a low-carbon society is restricted to a limited extent, and physical risks will increase due to rising average temperature.

## Trial calculation of impacts on our business and response

We organized the main climate change risks and opportunities facing the Group's business based on external information and estimated the impact of material risks and opportunities on our business based on forward-looking data on each risk and opportunity.

We examined how our responses affect these impacts based on the estimates.

The results are shown below.(ND = no data)

Type	Risk/opportunity items		Impacts on business		Financial impacts		Timing of impact occurrence
	Category	Subcategory	Risks/opportunities	Response	1.5/2°C	4°C	
Transition risk/ possible opportunities	Policy/regulations	Rising carbon prices	Increased carbon tax burden or rising purchasing costs in response to increased carbon tax burden of suppliers	<ul style="list-style-type: none"> <li>Adoption of renewable energy and energy-saving measures</li> <li>Extension of product shelf life using skin-packing with gas barrier and vacuum-seal packaging</li> <li>Measures to reduce GHG emissions</li> </ul>	Large	ND	Short term
	Markets	Changes in consumer tastes	Risks: Declining demand for products with large environmental impacts Opportunities: Growing demand for development of products with low environmental impacts and for alternative sources of protein	<ul style="list-style-type: none"> <li>Development of low-carbon products such as certified sustainable beef, etc.</li> <li>Establishment of production system and sales channels in preparation for rising demand</li> <li>Sales of Zero Meat brand</li> </ul>	Medium	ND	Medium term
Physical risk/ possible opportunities			Adverse impacts on livestock	<ul style="list-style-type: none"> <li>Animal welfare</li> <li>Introduction of cooling systems in cattle sheds</li> <li>Cooperation with suppliers to improve breeding and fattening environments</li> </ul>	ND	Medium	Long term
	Chronic	Increase in average temperature	Adverse impacts on feed or raw materials procurement	<ul style="list-style-type: none"> <li>Support for suppliers to mitigate flood damage</li> <li>Diversification of procurement methods</li> </ul>	ND	Large	Long term
			Rising electricity costs related to refrigeration, freezing, and HVAC	<ul style="list-style-type: none"> <li>Adoption of and transition to energy-saving, high-efficiency industrial and business equipment</li> </ul>	ND	Medium	Long term