

Disclosure of Information in Accordance with TCFD Recommendations

Concerns regarding the impact of climate change caused by global warming on social and corporate activities are growing steadily, and there is a need to take appropriate measures in response to the risks posed by climate change. Based on the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD)*¹, the Kyokuyo Group has analyzed the risks and opportunities that climate change will bring for our business activities, and considered strategies that can be implemented in response.

<The operational flow from identifying risks and opportunities to formulating strategies in response>

- (1) Identifying the risks and opportunities associated with climate change
- (2) Evaluating the potential impact of the risks and opportunities that have been identified, based on future global temperature increase scenarios
- (3) Formulating strategies in response to those risks and opportunities that are assessed as being likely to have a particularly strong impact

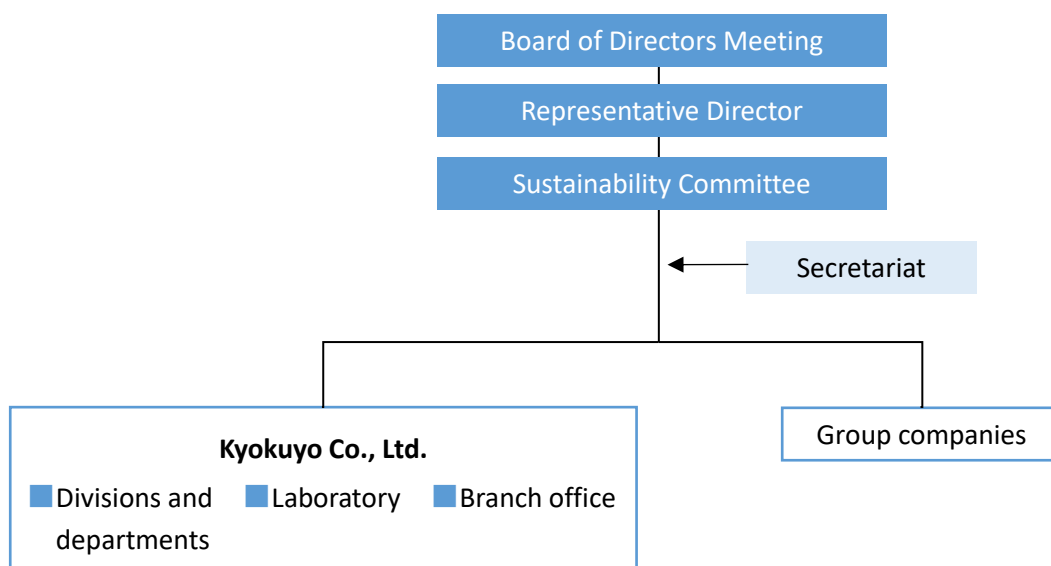
1. Governance

We recognize climate change as an important management issue as it may have a variety of impact on the Group's business and on society, such as changing the marine environment (which is the foundation of the Group's business) and causing abnormal weather. With the Sustainability Committee playing a key role, we are implementing company-wide initiatives to address social issues, including the issue of climate change.

Chaired by the company's President and Representative Director, the Sustainability Committee meets twice a year. With members that include directors, the heads of each department and branch office, and the presidents of Group companies, the Committee deliberates on and makes decisions related to our response to social issues such as climate change, and reports to the Board of Directors regarding important matters and the progress made in related initiatives.

We expressed our support for the "Recommendations of the Task Force on Climate-related Financial Disclosure (TCFD)" in May 2022. In line with the recommendations, we will work to reduce the impact of climate change on our business and on society, and promote the disclosure of climate change-related information.

Sustainability Organization Structure



2. Risk Management

The Sustainability Committee identifies and evaluates major risks, based on the potential size of the impact and the likelihood/frequency of occurrence, and formulates response strategies to prevent, avoid, mitigate, and minimize risks, as well as monitor the progress made in implementing these strategies.

3. Strategies

We think that climate change poses short-term and long-term risks to business continuity.

Major short-term risk

- Damage to our facilities, such as inundation, due to more severe and frequent extreme weather events

Major long-term risks

- Rising energy prices, raw material container costs, and packaging costs due to the introduction of carbon pricing and higher carbon taxes
- Decreasing catch and purchase volume due to tighter fishing regulations
- Changing fishing and harvesting patterns and impediments to procurement due to reduced biodiversity resulting from changes in the ocean environment
- Changing consumer behavior

Although climate change is a risk, it is also an opportunity for business continuity.

Major opportunities

- Increasing demand for eco-friendly and ethical products, etc.
- Increasing demand for farmed fish

Anticipating various events that may occur in the future, Kyokuyo is considering countermeasures in line with TCFD recommendations. We identified climate-related risks in the value chain of the Kyokuyo Group and identified key impacts using the impact on businesses affected by climate change and the likelihood/frequency of their occurrence as evaluation criteria. The scope of analysis was our overall business operations, and we referred to multiple scenarios from the International Energy Agency (IEA) and the United Nations Intergovernmental Panel on Climate Change (IPCC) to examine the degree of impact and measures to address risks and opportunities (mitigation and adaptation measures), on the premise of temperature increases of 1.5° C and 4° C. We will periodically review the measures to address risks and opportunities.

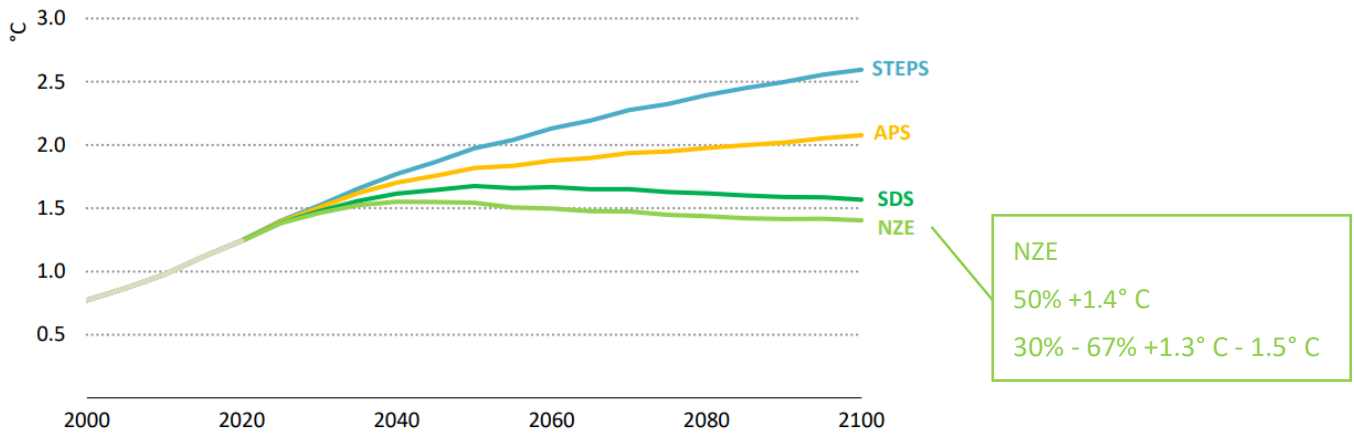
1.5° C Increase (Analysis timeframe: 2050)

Under a scenario in which the increase in average global temperature by the end of the 21st century compared to the situation prior to the Industrial Revolution is kept significantly lower than 2° C, we assumed that transition risks, such as the introduction of carbon pricing and other enhanced climate change measures toward a decarbonized society, would result in higher raw material container costs and energy costs.

Reference scenarios

- International Energy Agency (IEA) “NZE (Net-Zero Emission by 2050 Scenario)”
- Intergovernmental Panel on Climate Change (IPCC) “SSP1-1.9 (Shared Socio-economic Pathways)”

Global median surface temperature rise over time in the WEO-2021 scenarios



Source: IEA "World Energy Outlook 2021"

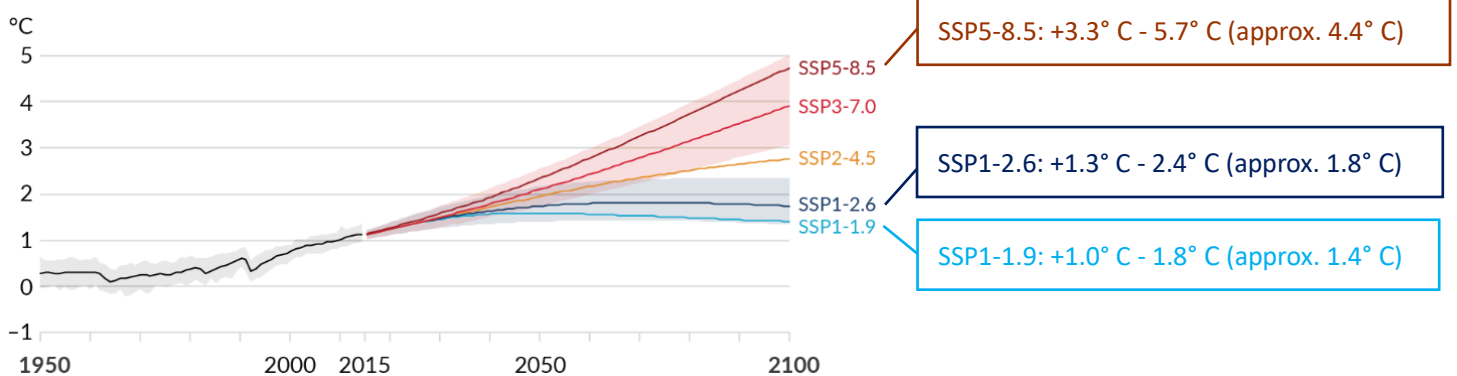
4° C Increase (Analysis timeframe: 2050)

We assumed that under a scenario in which decarbonization efforts are inadequate, with a continuing high level of dependency on fossil fuels, and average global temperatures increase by at least 4° C, the physical risks of climate change, such as more severe extreme weather events, will cause damage to our facilities and a decrease in catches.

Reference scenario

- IPCC "SSP5-8.5 (Shared Socio-economic Pathways)"

Global surface temperature change relative to 1850-1900



Source: IPCC "The Sixth Assessment Report (AR6) WG I SPM"

Risk and opportunity response measures, based on scenario analysis

Risk Category		Impact	Extent of Impact *1		Opportunities	Key response strategies	
			1.5° C scenario	4° C scenario			
Transition risks *2	Policies/regulations	Strengthening of countries' regulations aimed at reducing greenhouse gas emissions	• Increase in compliance-related costs (including electricity charges, packaging costs, etc.) resulting from the adoption of carbon pricing and/or the raising of carbon taxes	Large	Medium	<ul style="list-style-type: none"> Reducing the burden associated with the management of machinery that uses CFCs Reduced costs resulting from changes in packaging specifications 	<ul style="list-style-type: none"> Switching over to renewable energy Switching over to energy-saving machinery and equipment that uses natural refrigerants Reducing the amount of plastic used in packaging
		Strengthening of regulations governing fishing catches	• Reduction in the quantities of fish and shellfish caught or processed	Medium	Medium	<ul style="list-style-type: none"> Increased demand for farmed fish 	<ul style="list-style-type: none"> Using farmed fish as substitute products
	Reputation	Changes in investors' judgments and actions	• Weakening of the company's brand and image, with criticism on social media, etc.	Medium	Medium	<ul style="list-style-type: none"> Enhancing the company's social value through promotion of ESG focused management Differentiating the company from its competitors by developing eco-friendly and ethical products 	<ul style="list-style-type: none"> Proactive disclosure of climate change response data Development of environmentally friendly products and increased use of certified products
		Changes in consumer behavior	• Change in purchasing behavior to take more account of the environmental footprint and sustainability	Large	Medium	<ul style="list-style-type: none"> Increased demand for eco-friendly and ethical products 	<ul style="list-style-type: none"> Development of environmentally friendly products and increased use of certified products
Physical risks *3	Chronic	Changes in the ocean environment (rising sea temperatures, and rising sea levels)	• Increased procurement risk resulting from changes in the types of fish caught and reduction in catching volume	Medium	Large	<ul style="list-style-type: none"> Marine product production that is not dependent on the sea (inland aquaculture) 	<ul style="list-style-type: none"> Development of products that use alternative protein sources
	Acute	Abnormal weather (Changes in rainfall and weather patterns)	<ul style="list-style-type: none"> Obstacles to raw materials procurement and product supply caused by logistics disruptions Increased damage to aquaculture facilities and plant and cold storage buildings 	Medium	Large	<ul style="list-style-type: none"> Increased demand for products with long storage life 	<ul style="list-style-type: none"> Risk-hedging through dispersal and adjustment of logistics hubs Strengthening the disaster resilience of aquaculture facilities, plants, and cold storage facilities

*1 Evaluation criteria for the extent of impact

Large: Assumed that the impact on businesses as well as the likelihood and frequency of occurrence is large

Medium: Assumed that the impact on businesses as well as the likelihood and frequency of occurrence is medium

Small: Assumed that the impact on businesses as well as the likelihood and frequency of occurrence is small

*2 Risks arising from the transition to a decarbonized society

*3 Risks related to natural disasters, etc., caused by climate change

4. Metrics and Targets

In the Build Up Platform 2024 Medium-term Business Plan, the Kyokuyo Group has announced efforts to promote measures aimed at achieving carbon neutrality by 2050. In line with this policy, we are working on the reduction of greenhouse gas emissions and plastic usage.

● Reduction of Greenhouse Gas Emissions

In addition to reducing greenhouse gas emissions (Scope 1 and Scope 2 (*4)) through efficient energy use, etc., daily inspections and management are conducted as a measure to prevent CFC leakage. We have not set an indicator or target for greenhouse gas emissions generated from raw materials purchased or services used by the Group (Scope 3 (*4)), but we collect data on monthly transportation volumes regarding Category 9 “Downstream transportation and distribution” of the 15 categories to understand CO₂ emissions during transportation and to reduce them. From now on, we will identify categories with high potential for reducing CO₂ emissions and consider ways to reduce them, starting with categories that are deemed to have the highest priority.

● Reduction of Plastic Usage

Plastics contribute to climate change throughout their lifecycle due to CO₂ emissions from the use of energy in the process of mining and transporting petroleum as raw material, refining, and production, as well as CO₂ emissions during incineration. With this in mind, we are working to reduce the amount of plastic used for product packaging at our factories.

*4 Scope 1: Greenhouse gases emitted directly by the company itself (through the burning of fuel, and emissions from industrial processes)

Scope 2: Indirect emissions associated with electric power, heat, steam, etc., supplied by other companies (including electricity purchased from power companies, etc.)

Scope 3: Indirect emissions other than Scope 1 and Scope 2 emissions (emissions from other companies that are related to business activities)

Below are the indicators and response measures set to mitigate, evaluate, and manage risks related to climate change.

Target	Target year	Scope	Indicators	Response measures
CO ₂ emissions reduction (Scope 1 + 2)	2050	As noted below*5	Reducing CO ₂ emissions by 1% compared to the previous year (Scope 1 + 2)	<ul style="list-style-type: none"> •Activities, such as inspections, to reduce resource consumption in day-to-day business activities • Adoption of energy-saving equipment when replacing refrigeration equipment
Reducing the amount of plastic used in packaging	2030	Group companies' plants	Reducing the volume of plastic used in packaging by 30% (reference year: 2019, on a plastic usage intensity basis)	<ul style="list-style-type: none"> • Switching over to materials with lower CO₂ emissions • Utilization of non-tray packaging • Reducing the size of packaging materials, etc.

*5 Scope:

Kyokuyo Co., Ltd. (headquarters, branch offices, and Research and Development Division Laboratory); Kyokuyo Akitsu Reizo Co., Ltd. (Jonanjima Sales Office, Tokyo Cold Storage Facility, and Fukuoka Cold Storage Facility); Kyokuyo Shoji Co., Ltd.; Kyokuyo Shokuhin Co., Ltd. (Shiogama Plant, Hachinohe Plant, and Hitachinaka Plant); Kyokuyo Suisan Co., Ltd. (Oigawa Plant and Souemon Plant); Kyokuyo Sougou Service Co., Ltd.; Kyokuyo Foods Co., Ltd.; Kyokuyo Fresh Co., Ltd.; Ibusuki Shokuhin Co., Ltd.; Integrate System Service Co., Ltd.; and Kaiyo Foods Co., Ltd.