Biodiversity Conservation

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Policies

The NISSIN FOODS Group recognizes that our business activities—including raw material procurement—depend greatly on the blessings of nature, such as healthy soil and abundant surface and underground water. These are backed by biodiversity, and balancing biodiversity conservation and restoration with business development is essential for continuation of business in the medium to long term. We have therefore formulated the NISSIN FOODS Group Biodiversity Policy after approval by the Board of Directors.
We also promote activities for Nature Positive, which seeks to bring positive recovery to the decrease in nature and biodiversity caused by deforestation and such. We aim to achieve carbon neutrality—net zero CO_2 emissions and absorption—by 2050. Our initiatives for promoting Nature Positive and achieving carbon neutrality are designed to create mutual synergy with each other.

Nissin Foods Group Biodiversity Policy

Response to the Taskforce on Nature-related Financial Disclosures (TNFD)

Trial Assessment of Nature-related Risks and Opportunities

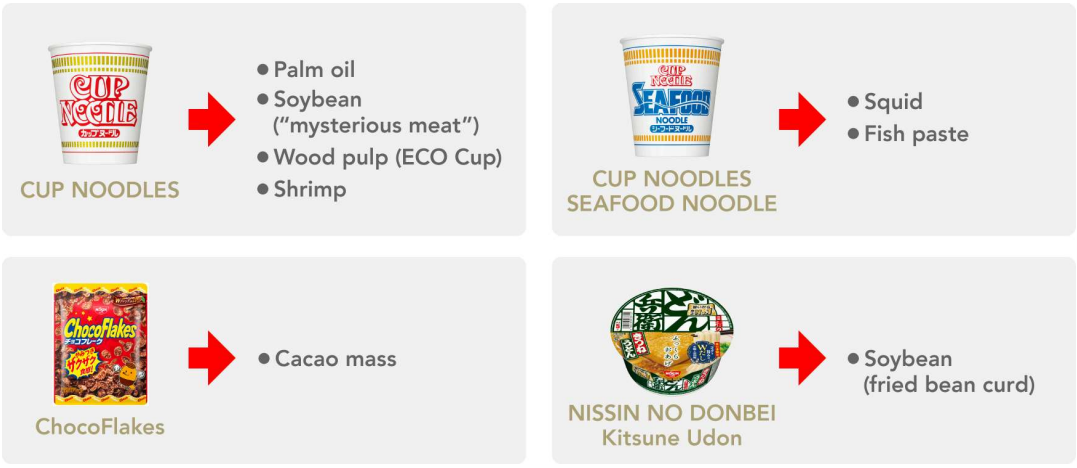
Biodiversity conservation and restoration are necessary to achieve the NISSIN FOODS Group's goal of Nature Positive. In November 2022, the Taskforce on Nature-related Financial Disclosures (TNFD)*1 release the TNFD Nature-related Risk and Opportunity Management and Disclosure Framework Beta v0.3*2, which we used as reference to conduct a trial assessment of nature-related risks and opportunities based on the LEAP approach*3 to understand the impact of the Group's business activities on biodiversity.

*1 The TNFD is an international initiative for building a framework that allows private companies and financial institutions to properly assess and disclose the risks and opportunities related to nature's assets and biodiversity.
*2 As the TNFD would be recommending the final version of the information disclosure framework in September 2023, this is a prototype framework released beforehand to gain feedback from stakeholders.
*3 This is a process advocated by the TNFD for science-based systematic assessment of nature-related risks and opportunities. It is characterized by its sequence of four steps—Locate, Evaluate, Assess, Prepare—after selecting the scope of assessment to locate the interface with nature, evaluate dependencies and impacts on nature, assess material risks and opportunities related to nature, and prepare to respond to risks and opportunities and report to stakeholders.

Definition of the Scope of Assessment

According to Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE)*1, the sectors most dependent on nature are agriculture, aquaculture, and fisheries and forest products that include production processes such as rainfed and irrigated arable crops, dairy, and saltwater wild-caught fish. In particular, food companies depend on natural resources and significantly impact biodiversity through their business activities. We therefore determined that, out of the Group's value chain, it was important to start from assessment regarding raw material procurement. In this trial, from the various raw materials being used in the major products of the Group, we defined a total of seven items as the scope of assessment. They are palm oil, wood pulp, cacao mass, and soybean which are included in the forest-risk commodities*2; and shrimp, squid, and fish paste which are raw materials from the sea (Fig. 1).

*1 ENCORE is a tool—jointly developed by entities such as the Natural Capital Finance Alliance (NCFA) and UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC)—that allows business activities' degree of impact and dependence on nature to be understood.
*2 Of the commodities and raw materials being traded globally, these are the ones that are thought to contribute toward deforestation and forest degradation in their production processes. Specifically, such commodities include cacao, palm oil, soybean, timber, wood pulp, cow products, leather products, and natural rubber.



(Fig. 1)

Four Steps of Assessment

Locate

We evaluated the major sources of the seven items in five grades for the areas of integrity of ecosystems, importance of biodiversity, and water stress. To ensure coherence with the NISSIN FOODS Group's procurement strategy, we also considered each raw material's strategic importance, possibility of alternatives, ease of procurement, and rate of price increase. From these, we selected priority countries and regions from our major sources. As a result, out of the major sources (37 countries and regions) for the seven items in the scope of assessment, we identified source countries and regions to be prioritized in the following four items (palm oil, shrimp, cacao mass, and wood chip).

(Fig. 2)

Evaluate

Regarding the raw material production processes in the priority countries and regions identified in the Locate step, we carried out integral evaluation of the degree of dependency and impact on nature by combining data from ENCORE regarding dependencies and impacts on nature with regional characteristics of the place of origin, raw material characteristics, and the results of document surveys related to actions of industrial groups and such (Fig. 3). When evaluating the degree of impact, for impact factors such as greenhouse gas emissions and water usage, besides negative impact arising from business activities, we also include initiatives that lead to mitigation of negative impact and creation of positive impact.

Raw material	Dependency	Impact
Palm oil (Indonesia and Malaysia)	・Sustainable use of fertile soil ・Presence of pollinating insects ・Flood damage minimization at plantations and oil mills	・Deforestation from agricultural land development and slash-and-burn farming ・Loss of biodiversity and deterioration of soil ・Soil pollution from chemical fertilizers, etc. ・CO_2 emissions from modifying the land
Wood chip (Japan [Hokkaido])	・Water resources needed for growth of trees ・Soil nutrients needed for growth of trees	・Modification of ecosystems due to harvesting of natural forests

Raw material	Dependency	Impact
	・Presence of pollinating insects	・Deterioration of ecosystems due to abandonment of reforestation ・Elimination of ground cover and topsoil due to tilling of land
Shrimp (India [Kerala])	・Maintenance of water quality needed for growth of shrimp ・Provision of nursery habitats for shrimp fry	・Destruction of marine ecosystems due to trawling ・Depletion of fishery resources due to bycatch and overfishing
Cacao mass (Ecuador)	・Water resources needed for growth of crops and operation of plantations ・Soil nutrients that support the growth and quality of crops ・Presence of pollinating insects	・Modification and destruction of rainforests due to expansion of agricultural land ・Pollution from improper use of pesticides

(Fig. 3)

Assess & Prepare

Based on the dependencies and impacts on nature confirmed in the Evaluate step, we identified the nature-related risks and opportunities in the Group's raw material procurement as shown below.
Nature-related risks that mainly arise from impact on raw material producers are seen as physical risks, while those that mainly arise from impact on stakeholders are seen as transition risks, and we identified risks with high criticality in particular (Fig. 4).
For nature-related opportunities, based on initiatives that lead to mitigation of negative impact and creation of positive impact established in the Evaluate step, we considered opportunities that are feasible for the Group by raw material (Fig. 5). We will also work on the development and use of plant-derived alternatives using food technology—a strength of the Group—as an opportunity that is shared by several raw materials. In addition, given that our products have contact points with a wide range of consumers regardless of age or gender, we will strive to improve consumers' recognition of sustainable procurement and certification systems and contribute to the formation of a market for sustainable products by displaying Roundtable on Sustainable Palm Oil (RSPO) and other certification logos on product packaging. Going forward, we plan to assign priorities to the nature-related risks and opportunities we have identified and set targets for managing the progress of initiatives.

Nature-related Risks

Raw material	Physical risk		Transition risk		
	Chronic risk	Acute risk	Policy/regulation risk	Reputational risk	Market risk
Palm oil (Indonesia and Malaysia)	Prices will increase if the supply of palm oil drops because producers are unable to adapt to deterioration in ecosystem services, such as a decrease in the number of pollinating insects and pest predators, soil pollution from the use of chemical fertilizers, and water pollution from discharge of palm oil mill effluent (POME).	Prices will increase or there will be a need to change sources if production activities at oil palm plantations are disrupted due to more severe water damage arising from agricultural land development, or the loss of plantations and deterioration of ecosystems due to improper slash-and-burn farming.	Prices will increase due to the need for costs of measures and restriction in palm oil supply if there are tighter regulations on agricultural land development and chemical fertilizer use, mandatory acquisition of certification, introduction of carbon taxes, and other such policies and regulations.	-	Supply will be pressured and prices will be high due to increase in demand for palm oil as an alternative for fossil fuels.
Wood chip (Japan [Hokkaido])	Prices will increase if the supply of timber drops due to deterioration in ecosystem services, such as soil	-	Prices will increase due to the need for costs of measures and restriction in wood chip supply if there are tighter	-	Supply will be pressured and prices will be high due to increase in demand for timber, which is a

Raw material	Physical risk		Transition risk		
	Chronic risk	Acute risk	Policy/regulation risk	Reputational risk	Market risk
	pollution and pollution or depletion of water resources.		regulations on land use and harvesting restrictions, mandatory acquisition of certification, introduction of carbon taxes, and other such policies and regulations.		renewable resource.
Shrimp (India [Kerala])	Prices will increase if the supply of shrimp drops due to deterioration in shrimp habitats because of poor seaweed growth caused by a rise in seawater temperatures, seawater becoming acidic, or water pollution along coastlines.	Prices will increase or there will be a need to change sources if the supply of shrimp drops due to crude oil discharge or occurrence of red tides. Supply will drop if there is a spread of diseases among shrimp due to water quality, biodiversity, and other environmental changes in their habitats.	Prices will increase due to the need for costs of measures if there are regulations regarding mandatory installation of devices to prevent bycatch, mandatory acquisition of certification, introduction of carbon taxes, and other such policies and regulations. Prices will increase if the supply of shrimp drops due to longer fishing ban periods.	-	-
Cacao mass	Prices will increase if the	Prices will increase or	Prices will increase due to	-	-

Raw material	Physical risk		Transition risk		
	Chronic risk	Acute risk	Policy/regulation risk	Reputational risk	Market risk
(Ecuador)	supply of cacao drops because producers are unable to adapt to deterioration in ecosystem services, such as a decrease in the number of pollinating insects, pollution or depletion of water resources, and soil pollution from the use of chemical fertilizers. Production costs will increase due to artificial pollination and additional fertilizers caused by a decrease in the number of pollinating insects.	there will be a need to change sources if production activities at cacao plantations are disrupted due to disasters, disease and insect damage, and other such impacts.	the need for costs of measures and restriction in cacao mass supply if there are tighter regulations on agricultural land development and chemical fertilizer use, mandatory acquisition of certification, limitations on water intake, introduction of carbon taxes, and other such policies and regulations.		
Overall	-	-	Governance costs will increase due to strengthening of aspects such as	Blame for destruction of natural capital at suppliers	Consumer preferences shift to products that use raw

Raw material	Physical risk		Transition risk		
	Chronic risk	Acute risk	Policy/regulation risk	Reputational risk	Market risk
			supplier management and monitoring systems.	affects NISSIN, lowering our brand image.	materials with lower environmental impact.

(Fig. 4)

Nature-related Opportunities

Raw material	Opportunity	
Palm oil (Indonesia and Malaysia)	●Sustainable use of natural resources	・Expansion in procurement volume of RSPO and other certified products ・Understanding and monitoring of high-risk suppliers through forest monitoring ・Request for voluntary engagement of and corrective actions from high-risk suppliers
	●Ecosystem conservation, restoration, and rejuvenation	・Support for small-scale farmers in acquisition of certification ・Conduct of activities to maintain the landscape of areas around plantations
Wood chip (Japan [Hokkaido])	●Sustainable use of natural resources	・Expansion in procurement volume of FSC and other
	●Resource efficiency	・Development of containers that use less timber
Shrimp (India [Kerala])	●Sustainable use of natural resources	・Expansion in procurement volume of Marine Stewardship Council (MSC) and other
	●Ecosystem conservation, restoration, and rejuvenation	・Support for fishing operators in acquisition of certification ・Promotion of bycatch prevention measures

Raw material	Opportunity	
	●Resource efficiency	・Promotion of fishing waste reduction
Cacao mass (Ecuador)	●Sustainable use of natural resources	・Promotion of the procurement of Rainforest Alliance and other certified products ・Collaboration with NGOs and industrial groups

(Fig. 5)

Issues and Actions for the Future

The measures for dealing with the nature-related risks and opportunities identified through this trial will continue to be studied under the lead of the Sustainability Committee of NISSIN FOODS HOLDINGS while seeking coherence with our environmental strategy EARTH FOOD CHALLENGE 2030 and the various strategies toward achieving carbon neutrality and Nature Positive.
In addition, we plan to continue conducting assessment of nature-related risks and opportunities as part of the Group's overall risk management process. In subsequent assessments, we seek to further divide the procurement countries and regions under the scope into smaller units, and carry out quantitative assessment using indices appropriate for each raw material.

Items to Prioritize

As a biodiversity-related goal, the NISSIN FOODS Group aims to raise the procurement ratio of palm oil that is assessed to be sustainable to 100% for the entire Group by FY 3/2031. In addition, to observe our policy of zero deforestation, we take actions such as ensuring the traceability of oil mills and analyzing the risk of deforestation through satellite monitoring tools. For mills assessed to have a high risk of deforestation based on the analysis results as well as their surrounding oil palm plantations, we plan to gradually conduct individual surveys together with Caux Round Table Japan*1 and Serikat Petani Kelapa Sawit (SPKS)*2 using questionnaires and dialogues.

*1 A global network of business leaders working to realize a fair, free, and transparent society through sustainable and socially responsible business
*2 A local union of small-scale oil palm farmers in Indonesia that was established in 2006. The union supports production of oil palm with consideration for the sustainability of farmers. It maintains a network with more than 8,000 small-scale farmers in seven regions across Indonesia. Some of its activities include data collection and mapping of small-scale farmers, organization of farmers, training to improve productivity, and supporting the acquisition of certification—such as Indonesian Sustainable Palm Oil (ISPO) and RSPO—by farmers.

Initiatives

Forest Maintenance

Inappropriate management of forests can lead to degradation of its ability to absorb CO_2, as well as increasing the risk of landslide and avalanche disasters. It also affects ecosystems. Since 2016, employees of the WAVE—our research and development center located in Tokyo's Hachioji City—and their families have been carrying out forest maintenance annually at the nearby green conservation area. These activities are held with support from the NPO Green Support Hachioji and the Tokyo Metropolitan Government's Bureau of Environment.
This activity includes thinning trees and clearing undergrowth so that sunlight can reach the forest floor, and also sets aside time to enjoy the blessings of the forest through handicraft experiences for children and planting shiitake mushrooms. To date, a total of 88 persons (this number includes employees and their families) have participated in forest maintenance.

Preparation of a Habitat for Insects

In Komoro City, Nagano Prefecture, 115 species of butterflies were confirmed*1. Asama Plateau is a habitat and breeding environment for various rare species, which also include the Colias palaeno and Aporia hippia, both designated as Nagano Prefecture natural protected species. However, many insects in Nagano Prefecture are in danger of extinction, and there is a need for initiatives to conserve them.
By creating a biotope*2 on the premises of "the Momofuku Ando Center of Outdoor Training (Momofuku Ando Center)" in Komoro City, Nagano Prefecture, our group is helping to preserve rare insects that are in danger of extinction in this region. Furthermore, to increase interest in biodiversity, we solicited photographs of insects visiting the biotope to compile a digital insect picture book containing photos of 100 insect species. NISSIN FOODS Holdings received the Biodiversity Action Award in 2018 given by the Japan Committee of the United Nations Decade on Biodiversity (UNDB-J). The Company was also selected two years in a row for the Japan Nature Conservation Awards (2018 and 2019) organized by the Nature Conservation Society of Japan.

Past Activities Related to Biotopes

Date		Number of participants	Activities
2017	November 10–12	23 Group employees, 6 local volunteers	• NISSIN FOODS Group employees carried out grass cutting and land preparation at a biotope site. • Kazuo Unno, an insect photographer and board member of the Japan Insect Association, gave a lecture on the natural environment of Komoro City and the ecology of insects. Tsuguo Kawai, a landscape architect who designed the biotope, conducted a field observation session.
2018	May 11–12	15 Group employees,	• NISSIN FOODS Group employees and general participants planted grasses and flowers that serve as

Date		Number of participants	Activities
		339 general participants	host plants and nectar sources for butterflies. Additionally, Mr. Unno led an insect photography session for general participants, and participants also built insect houses as habitats for insects. ● To further promote conservation efforts for endangered species inhabiting Komoro City, NISSIN FOODS HOLDINGS, Nagano Prefecture government, Komoro City government, and the Momofuku Ando Center signed the Biodiversity Conservation Partnership Agreement*3.
	November 3	14 Group employees	● In addition to grass cutting, leaf raking, and planting flower seeds in the biotope, participants created an egg-laying site for stag beetles using shiitake mushroom logs. ● To track and record insects visiting the biotope, a special website for the Komoro Endangered Species Biotope Project was launched on the Momofuku Ando Center's website in May 2018, collecting photo submissions from the public. By November 2018, a total of 278 photos had been submitted, documenting 151 species, including 4 endangered species.
2019	March		● A collection of 100 insect photographs submitted by the public was compiled into the Encyclopedia of 100 Insect Species and published on the Momofuku Ando Center's website.
	May–July		● To continuously monitor changes in insect diversity and reflect the findings in future biotope maintenance and management, an Insect Monitoring Survey was conducted from May to July 2019. The number of insect species confirmed on-site increased from 163 species across 68 families in the 2018 survey (conducted immediately after biotope development) to 268 species across 109 families in the 2019 survey (one year after the biotope's development).

*1 From the Second Komoro City Basic Environmental Plan (revised) (Environment and Water Supply Department, Komoro City, Nagano Prefecture)

*2 “Biotope” in English comes from the German biotope, which originated from the Greek words bios (life) and tops (place). It refers to a space where local wildlife lives, grows, and reproduces.
*3 An agreement under which citizens’ groups, companies, schools, and other organizations cooperate in activities to conserve the natural environment and biodiversity in Nagano Prefecture (This agreement was renewed in May 2021)