

## Information Disclosure in Line with the Four Themes Recommended by the TCFD



Climate change is a major social issue that needs to be solved in order for a sustainable society to become a reality. Our Group recognizes that for companies to survive in the future, it is important to solve this issue through business activities, and we have expressed support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

### Governance

The Group has established the Sustainability Committee to contribute to the realization of a sustainable and prosperous future, as one of the advisory bodies to the Executive Committee. The Committee meets to discuss the climate change issue and other key challenges related to sustainability and reports the results to the Executive Committee and the Board of Directors. "Promote a decarbonized society" and other materiality were discussed at the Sustainability Committee and Executive Committee and decided at the Board of Directors. The Board of Directors oversees the progress on environmental targets specified in "Metrics and targets" below. The Group will implement various initiatives to strengthen governance toward the realization of a decarbonized society, such as by considering a mechanism to reflect the achievement level of environmental targets to officers' remuneration in the course of formulating the next Medium-term Management Plan.

### Risk management

Occurrences such as regulatory changes, technological innovation, and shifts in business models in line with the transition to a decarbonized society or extreme weather caused by global warming may affect our operating results and financial condition, such as a decline in the value of assets owned by the Group. Our Group recognizes climate change risk as one of the critical risks in

Group-wide risk management. It identifies, assesses, and manages climate change risk while recognizing it as a business opportunity and contributes to the realization of a decarbonized society.

### Identification, assessment, and management of climate change risks

Climate change risks consist of transition risks associated such as with tightening of climate-related regulations and technological innovation, and physical risks associated with extreme weather and changes in climates. We believe that impacts will occur over a variety of time frames (short, medium, and long term) through broad transmission routes including existing risks such as credit risks, asset risks, and investment risks. Under the integrated risk management framework, we are building a system to identify, assess, and manage climate change risks in light of their relation to other major risks.

### Status of integration into overall risk management

We have a system in place where various impacts of climate change risks on other major risks are reported and deliberated at the Risk Management Committee. We will integrate the management of such risks, including risks identified through scenario analysis, in overall risk management by establishing a monitoring system and other means. Additionally, the development of targets and plans related to climate change and details of monitoring are reported and deliberated at the Sustainability Committee. The details of deliberations of both committees are reflected in our Group's overall management strategies under the Board of Directors' supervisory system, allowing us to appropriately respond from the perspectives of both overall risk management and individual risks.



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### Strategies for action on climate change

We identify risks and opportunities for the Group brought by future climate change, and conduct scenario analysis on transition risks and physical risks for the purpose of appropriately disclosing information and considering future measures.

The scenario analysis was carried out based on information and data available at present. We will obtain more information and related data through careful examination of the analysis results and dialogues with stakeholders and strive to disclose information appropriately by improving our analysis methods and expanding the scope of businesses to be analyzed.

### Results of the scenario analysis

Discussions about the impacts of climate change on our business were held with each division in charge of Environment & Energy, Aviation, Real Estate, and Customer Solutions, which are the target segments of the scenario analysis, and with the Risk Management Department, which is the department in charge of risk management for the entire Group, to ensure consistency between scenario analysis results and existing strategic policies.

The Group endeavors to minimize risks and maximize opportunities by taking short- and long-term measures regarding risks and opportunities related to climate change. As a result of the transition risk analysis, we recognize the need to appropriately handle risks and opportunities associated with the expansion of renewable energy, the shift to fuel-efficient aircraft and aircraft

engines and low-carbon fuels such as SAF and hydrogen, growing demand for low-carbon buildings, and other trends. Furthermore, based on the results of the physical risk analysis, we anticipate risks including damage caused by disasters to power stations and deterioration of power generation facilities such as solar panels, loss in the value of real estate due to intensification of natural disasters and increases in construction and operation expenses and renovation costs, and damage caused by disasters to the Group's offices and increases in their operation expenses and insurance costs.

While appropriate measures for climate change risks have been developed, in terms of the opportunities brought by climate change, the acquisition of business opportunities has been incorporated into our strategies. We have set metrics related to climate change and established a system to regularly monitor relevant trends in Japan and overseas and the status of initiatives of the Group.

 [For detailed scenario analysis results, please visit our website.](#)

### Metrics and targets

Our Group recognizes the realization of a decarbonized society as an urgent issue and has defined our Group's ideal state based on national policy targets and Our 10-year Vision. We then set environmental targets by working backward from that vision. Now we view the promotion of a decarbonized society as an even more important opportunity and are actively working on relevant efforts.

In such cases as where GHG emissions increase significantly in the future due to efforts for new businesses or other activities, or where numerical values change as the calculation of GHG emissions of the entire Group including its supply chain is further refined, the established targets may be revised if necessary, but we plan to set the targets so that they will be in line with national policy target levels, just as the current targets are.

### Future efforts

To further enhance the effectiveness of promoting a decarbonized society, our Group has compiled our initiatives and progress since setting Scope 1 and 2 targets, along with processes toward achieving our interim Scope 3 targets, and formulated the Transition Plan toward the Realization of a Carbon-neutral Society. By promoting and sophisticating these initiatives, we aim to realize carbon neutrality across our entire supply chain by 2050.

 [For details on the Transition Plan toward the Realization of a Carbon-neutral Society, please visit our website.](#)

### The Group's targets for reduction of greenhouse gas emissions

	FY2024 (results)	Short term (every year)	Medium term (to FY2030)	Long term (to FY2050)
GHG emissions (Scopes 1 and 2)	4,457t-CO <sub>2</sub> (down 60.5% vs. FY2019)	—	Down 55% compared to FY2019	Net zero
Energy use in Japan	80,090GJ (down 4.3% vs. FY2023)	Down 1% compared to the prior fiscal year	—	—