

Climate Change and Natural Capital

Climate change and natural capital, including biodiversity, are important themes that may have medium- to long-term impacts on business activities and the sustainability of society and the economy. The Group has expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is advancing initiatives to reduce greenhouse gas emissions. The Group also analyzes its relationship with natural capital with reference to the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and will strive to create environmental and social value through its business activities.



Governance

The Group has established the Sustainability Committee as one of the advisory bodies to the Executive Committee. The committee deliberates on key challenges related to sustainability and reports the results to the Executive Committee and the Board of Directors. In addition, the Group identified its materiality, including “Promoting a Decarbonized Society” and “Realizing a Circular Economy”, which are related to climate change and natural capital, through deliberations at the Sustainability Committee and the Executive Committee and by resolution of the Board of Directors. We will continue to enhance governance toward addressing these challenges.

Risk management

The Group has established processes to appropriately identify, assess, and manage environmental and social risks and negative impacts. By conducting its business responsibly, the Group seeks not only to avoid or mitigate adverse environmental and social risks, but also to contribute to the achievement of the Sustainable Development Goals (SDGs) and the goals of the Paris Agreement.

To appropriately manage these risks, the Group has established the Guidelines for Transactions with a Potential Negative Impact on the Environment and Society and related procedures and applies them appropriately in line with its policies when considering individual transactions.

Transition risks arising from tighter laws and regulations, policy changes, technological innovation, and other developments associated with the transition to a decarbonized society, as well as physical risks such as increasingly severe extreme weather and natural disasters due to the effects of global warming, may affect the Group's operating results and financial position through impacts on the economy, including deterioration in customers' business performance and financial position and declines in the value of assets owned by the Group.

The Group recognizes climate change risk as one of the critical risks in Group-wide risk management, and is developing a framework to identify, assess, and manage this risk within its existing integrated risk management framework and reflect it in business strategies and other areas as necessary. The Group also regards the transition to a decarbonized society as a business opportunity and will contribute to addressing social issues.



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Strategies

Strategy related to climate change

The Group conducts scenario analysis on transition risks and physical risks to understand the risks and opportunities that future climate change could have for its business. By taking short-term to long-term measures, the Group works to minimize risks and maximize opportunities related to climate change.

Transition Plan toward the Realization of a Carbon-neutral Society

To further enhance the effectiveness of promoting a decarbonized society, the Group has compiled its Scope 1 and 2 initiatives and progress, as well as the process for achieving its interim Scope 3 target and formulated the Transition Plan toward the Realization of a Carbon-neutral Society. In the transition plan, priority is given to assets and businesses that emit large amounts of greenhouse gases when setting targets. Through these initiatives and their enhancement, the Group will work to realize a carbon-neutral society by 2050, including across the supply chain.

Strategy related to natural capital

The Group operates diverse businesses, and its business activities are directly and indirectly related to natural capital, including land use, energy resources, and surrounding ecosystems.

With reference to the LEAP approach¹ advocated by the TNFD, the Group conducts assessments and analyses of dependencies and impacts by selecting priority sectors considered to have significant relationships with nature and identifies nature-related risks and opportunities that it regards as important.

Going forward, based on the results of these analyses, the Group will promote measures to reduce the identified risks and measures to realize opportunities.

1. A nature-related risk and opportunity analysis process presented by the TNFD, consisting of *Locate, Evaluate, Assess, and Prepare*.

Metrics and targets

The Group recognizes the realization of a decarbonized society as an urgent issue, and sets targets based on the ideal state of the Group defined based on Our FY2031 Vision and other factors, as well as through analyses of its relationship with natural capital, which began in FY2025.

The Group's metrics include greenhouse gas emissions and the percentage of new-generation aircraft in the aircraft portfolio, as well as metrics based on the relationship with climate change and natural capital, such as the percentage of green buildings in the real estate portfolio and the reuse/recycling rate of off-lease properties.

	FY2025 (results)	Medium term (to FY2028)	Long term (to FY2050)
GHG emissions (Scope 1, 2)	-71.8% vs. FY2019	-67% vs. FY2019	Net zero
Percentage of new-generation aircraft in the aircraft portfolio ³	78.9% ²	82%	—
Percentage of green buildings in the real estate portfolio ³	62%	61%	—
Reuse/Recycling rate of off-lease properties	96.0%	97.5%	—

2. Actual figure assured by a third party.

3. As assets turnover continuously in this business, we seek to raise the percentage over the medium to long term while allowing for fluctuations.

Web For details on information disclosure based on the TCFD and TNFD recommendations, please refer to the following.

• [TCFD recommendations: ESG Data Book](#)

• [TNFD recommendations: Natural Capital and Biodiversity Initiatives](#)