

Information Disclosure Based on the TCFD Recommendations

TCFD Recommendations for Information Disclosure

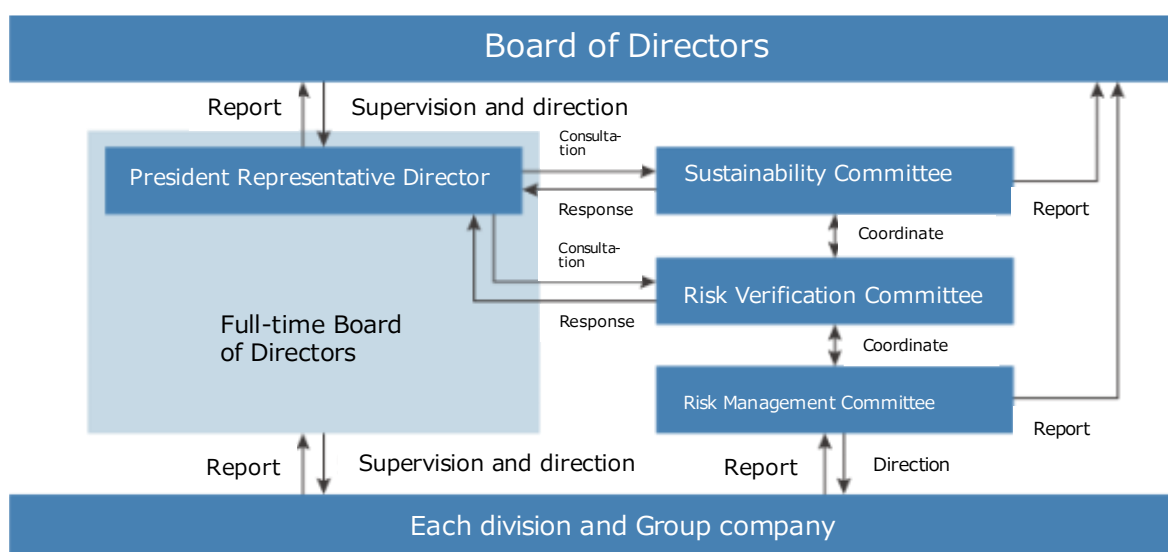
The TCFD recommends that information be disclosed in line with the four disclosure elements of “governance,” “strategy,” “risk management,” and “metrics and targets,” to accurately understand how risks and opportunities associated with climate change affect corporate management, including financial management. The Company will work to further expand information disclosure based on these four information disclosure areas recommended by the TCFD.

i. Governance

We recognize that addressing climate change and the environment is an important management issue. In coordination with the Risk Verification Committee, the Sustainability Committee compiles information on climate change-related risks and opportunities, examines response measures, and makes periodic reports to the Board of Directors. The Board of Directors oversees the progress of initiatives related to climate change issues that have been discussed and reported by the executive departments, and issues related to these initiatives are discussed at least once a year.

The President Representative Director receives reports on the status of climate change-related initiatives from the advisory bodies: the Sustainability Committee and the Risk Verification Committee and assumes the highest responsibility for risk assessment and management, including climate change risks.

Sustainability Promotion System



Meetings and Roles in the Sustainability Promotion System

Organizations and committees	Roles
Board of Directors	Receives reports from the Sustainability Committee on the status of and measures to manage climate change-related risks and supervises the progress of measures.
President Representative Director	Receives reports on the status of overall sustainability activities, including climate change-related activities, from the Sustainability Committee, an advisory body. Has the highest responsibility for risk assessment and management, including climate change risks.
Risk Verification Committee	As an advisory body to the President Representative Director, discusses comprehensive risk assessment, including climate change. Examines the risks reported by the Risk Management Committee and instructs the business divisions to take measures through the Risk Management

	Committee.
Risk Management Committee	Discusses comprehensive management of and measures against risks in operations, including climate change. Meetings held once a month.
Sustainability Committee	As an advisory body to the President Representative Director, promotes sustainability activities, including climate change countermeasures. In coordination with the Risk Verification Committee and the Risk Management Committee, summarizes risks and opportunities related to climate change etc. for each division and Group company, considers measures to be taken, and makes periodic reports to the Board of Directors. Meetings held four times a year.

ii. Strategy

Based on the TCFD recommendations, we conducted scenario analysis to identify climate change-related risks and opportunities. Through scenario analysis, the 1.5°C and 4°C scenarios were defined based on scientific evidence from the International Energy Agency (IEA) and other sources, and the importance of climate-related risks and opportunities that could affect operations as of 2030 was assessed.

Defining Scenarios

Scenario configuration	1.5°C scenario	4°C scenario
World view	The Japanese government will promote severe measures against climate change, including the introduction of a carbon tax, which will lead to drastic social changes, and regulations on plastic and climate change-related information disclosure will be required. Damage from natural disasters such as flooding is limited.	There will be no climate action by the government beyond current measures and no climate change action is required. Abnormal weather such as droughts and floods due to rising temperatures will become apparent, sites will be damaged, and response costs and recovery costs at the time of the disaster are expected.
Reference scenario	IEA The Net-Zero Emissions by 2050 Scenario (NZE) / IEA World Energy Outlook 2021/ IEA World Energy Outlook 2018/ IPCC AR6 SSP1-1.9	IEA World Energy Outlook 2021/ IEA World Energy Outlook 2018/ IPCC AR6 SSP5-8.5
Characteristics	Transition risks related to policies, etc. are likely to become apparent.	Physical risks associated with abnormal weather, etc. are likely to become apparent.

Identification and assessment of risks and opportunities

We assessed the impact of climate change-related transition and physical risks on our Real Estate Revitalization Business and Real Estate Service Business. A variety of items were considered, from policy and legal regulations to market changes for transition risks, and acute and chronic physical risks for physical risks. We will respond to risks and opportunities that we judge to have a particularly significant impact on our company.

Scope: Real Estate Revitalization Business and Real Estate Service Business

Degree of impact

High: Very significant impact (> 19% of net sales)

Medium: Significant (10-19% of net sales)

Small: Limited impact (<10% of net sales)

Term of risk occurrence:

Short term: Within one year

Medium term: within 1 to 5 years

Medium to long term: Within five to ten years

Long term: Over 10 years

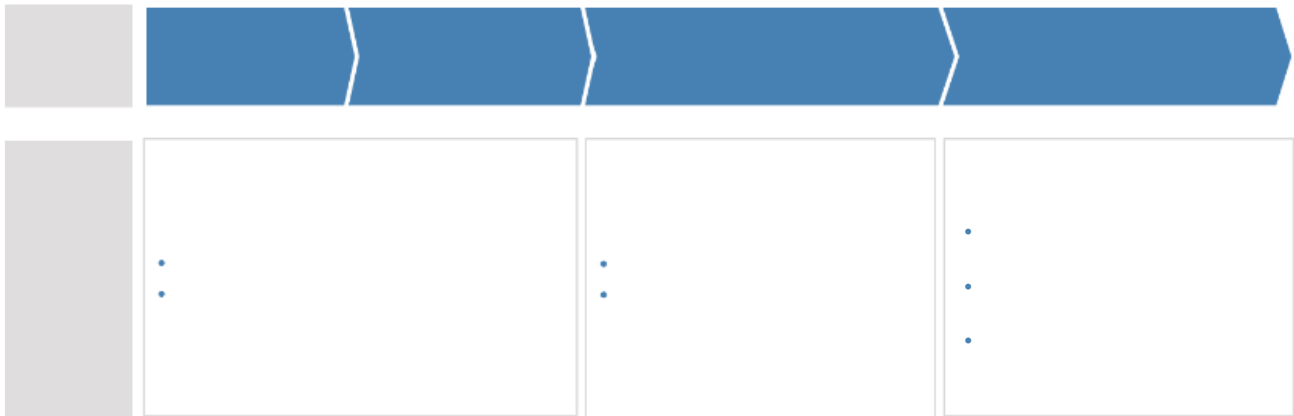
List of risks and opportunities

Of the risks and opportunities recognized by the Company, those with a “medium” or higher impact on the business are listed.

Types of risks and opportunities			Details of risks and opportunities	Impact on business and financial results		Term of risk occurrence
				1.5°C	4°C	
Risk	Transition risk	Policies, laws and regulations	Increased tax burden due to large increase in carbon tax.	Medium	-	Medium term
			Increased cost of raw materials, which have a high emission intensity (steel, cement, etc.), due to large increase in carbon tax.	Medium	-	Short term
			Additional capital investment costs due to increased energy efficiency standards to be met through renovations.	Medium	-	Short term
		Reputation	Stakeholder concerns about passive ESG responses.	Medium	-	Medium to long term
	Physical risk	Acute	Loss of sales and increase in restoration costs from the interruption of business activities caused by damage to business sites by natural disasters.	Small	Medium	Short term
		Acute	Occurrence of flood damage to Company-owned real estate due to high tides and heavy rains caused by rising sea levels.	Small	Medium	Short term
		Chronic	Increase in cost of air conditioning equipment and increase in energy costs in Company-owned real estate.	Small	Medium	Medium term
	Opportunity	Products and services	Increase in selling prices to asset holders and building owners by improving the environmental performance of properties through replanning.	Medium	Medium	Short term

iii. Risk management

To build a sustainable system, the Company has established regulations on company-wide risk management and established the “Sustainability Committee” to address overall sustainability issues, including climate change issues. For risks related to climate change, the Risk Verification Committee evaluates the risks reported by the Risk Management Committee. The risks that have been identified and evaluated are examined by the Sustainability Committee, and then each division or Group company responds to these risks. In addition, the Board of Directors receives a report from the Risk Management Committee on the status of and measures to comprehensively manage risks, including climate change risks.



iv. Metrics and Targets

The Company calculates greenhouse gas emissions as an indicator for evaluating climate change-related risks and opportunities. In fiscal 2021 and 2022, Scope1 “Fuel use (CO2)”, Scope2 “Use of electricity supplied by others (CO2)”, and Scope3 “Other indirect emissions (CO2)” were included in the calculation. We will continue to monitor our greenhouse gas emissions in the future and will establish a system and set targets so that we can expand the scope of monitoring and reduce CO2 emissions in our activities.

Greenhouse Gas Emissions

(Consolidated)

	Fiscal 2021 annual emissions (t-CO2)	Fiscal 2022 annual emissions (t-CO2)
Scope1 *1	4,088.5	3,237.9
Scope2 *2	6,692.5	7,633.7
Scope3 *3	194,929.0	152,744.0

(Non-consolidated)

	Fiscal 2021 annual emissions (t-CO2)	Fiscal 2022 annual emissions (t-CO2)
Scope1 *1	0.0	0.0
Scope2 *2	196.3	195.1
Scope3 *3	194,929.0	152,744.0

*1 Emissions from gas and gasoline use *2 Emissions from electricity use *3 Other indirect emissions

Calculation period: FY 2021 (April 2021 to March 2022), FY 2022 (April 2022 to March 2023)

To be disclosed: domestic and international consolidated subsidiaries (Scope1 and 2), Real Estate Revitalization Business (Scope3)

Calculation method: market-based

*Calculation methods are based on location (calculated using the average emission intensity for Japan as a whole) and market (calculated using the emission intensity of each electric power company). We adopted the latter market-based method.,

Emission factors used in Scope2: 2020 and 2021 emissions factor results for each electric utility