

Scenario Analysis at 4.0°C

■ Definition of qualitative assessment and response measures for risks/opportunities at 4.0°C

Risks/Opportunities	Subcategories	#	Risk/Opportunity Items	Business Impact Assessment (Qualitative)	Impact	Response Measures for 2030
Transition Risks	Policies/Regulations	1	Increased costs due to introduction of carbon pricing	The introduction of carbon pricing will not proceed due to lack of public support for the price increase. The impact on our costs, such as utility costs, is small.	Small	<ul style="list-style-type: none"> Optimization of energy procurement and capital investments We will minimize risk through appropriately combining additional air conditioners, capital investments for additional insulation materials, external procurement of fossil fuel-derived energy and renewable energy, PPAs, and off-grid power generation, depending on the situation.
		2	Stricter regulations for reporting GHG emissions/energy consumption	There will be no additional costs because laws and regulations such as the Energy Conservation Act, the Act on Promotion of Global Warming Countermeasures, and the Fluorocarbon Emissions Control Act will not be tightened.	Small	Nothing in particular
		3	Compliance with environmental laws	There will be no additional costs because laws and regulations such as the Energy Conservation Act, the Act on Promotion of Global Warming Countermeasures, and the Fluorocarbon Emissions Control Act will not be tightened.	Small	Nothing in particular
		4	Stricter plastics regulations	There will be no additional costs because plastic regulations will not be tightened.	Small	Nothing in particular
		5	Orders and regulations governing the procurement of raw materials, existing products and services	There will be no additional costs for raw material procurement or for existing products and services, because no additional regulations are expected.	Small	Nothing in particular
		6	Increased costs to respond to stricter regulations on the use of certain substances, such as chlorofluorocarbons	There will be no additional costs because no tightening of regulations on the use of certain substances such as chlorofluorocarbons is expected.	Small	Nothing in particular
	Technology	7	Increased costs due to the introduction of low-carbon and renewable energy technologies (Or cost reduction)	The impact is small because the need to install renewable energy and energy-saving facilities is limited.	Small	Same as #1
		Market	8	Increased costs due to rising energy prices	There are uncertainties such as severe wind and flood damage due to climate change and supply disruptions due to fuel price increases and conflicts in fossil fuel producing countries, which could cause energy prices to rise.	Small
	9		Delayed response to shift in consumer demand for environmentally friendly products	The decline in sales is limited because consumers' concern for the environment remains unchanged as it is today, and it is not expected that there will be a decline in their awareness that would result in a significant shift in demand to environmentally friendly products.	Small	Nothing in particular
	Reputation	10	Reputation damage due to passive response to climate change	Stakeholders' concern would be business continuity in the face of frequent occurrence of catastrophic disasters. While the business continuity system of the entire supply chain is attracting attention, the reluctance of major electronics retailers to address climate change is regarded as a bottleneck in their business continuity system, and is a factor leading to a decline in their stock price.	Large	<ul style="list-style-type: none"> Strengthen sales of environmentally friendly products, promote renovations to prevent disasters, and improve the functionality of the home environment in response to global boiling We will review the definition of environmentally friendly products to enable the setting of medium- and long-term targets (from FY2024 results) By promoting sales of environmentally friendly products in response to climate change, we will support customers in reducing CO₂ emissions Expansion of initiatives associated with energy-saving gas water heaters and smart life-related products
Physical Risks		Acute	11	Risk of business shutdown due to severe wind and flood damage	In the event of a large-scale typhoon, torrential rain, etc. mainly at stores or logistics/distribution bases, sales decrease due to a decrease in the number of store customers, disruption of employee commuting routes, and a decrease in sales opportunities due to inventory shortages or damage at logistics/delivery bases.	Large
	12		Damage to the company's bases due to severe wind and flood damage	In the event of a large-scale typhoon, torrential rain, etc., at stores or logistics/delivery bases, costs associated with inventory damage due to water and repair costs due to damage will increase.	Large	Same as #11
	13		Increased insurance premium rates due to more frequent natural disasters	In addition to the increased frequency of catastrophic disasters, premium rates will increase because climate change risk is factored into premiums.	Small	Same as #11
	Chronicle	14	Increased air conditioning costs and other electrical energy consumption due to rising average temperatures	Due to rising summer temperatures associated with climate change, power consumption for air conditioning in stores, offices, delivery vehicles, etc. and energy costs such as electricity and city gas costs will increase. In addition, in stores, capital investment costs for additional air conditioners and additional insulation materials, as well as electricity consumption due to the energization of store displays, will increase.	Medium	Same as #1
		15	Decreased sales due to fluctuating demand for seasonal products caused by rising average temperatures and other weather changes	Weather changes due to higher average temperatures and extended summer seasons will increase demand for seasonal products and ensure stable sales, while higher winter temperatures will reduce demand for heaters and pose a risk of lower sales.	Medium	<ul style="list-style-type: none"> Strengthen products and services in response to rising average temperatures Strengthen sales of energy-saving, high-efficiency air conditioners Strengthen sales of refrigerators with high food preservation performance Strengthen repair support services for air conditioners and refrigerators Purchase support for replacement needs due to relocation caused by climate change Secure and improve the construction system for seasonal products (including resolution of safety and health issues of construction workers, etc.)
Opportunities	Products/Services	16	Increased sales from climate change-responsive products and services	Demand for air conditioners and refrigerators will increase throughout the year as temperatures rise. In addition, there will be increased demand related to climate change for disaster relief supplies, home reinforcements, and replacements associated with relocating to higher ground to escape flood damage.	Medium	Same as #15
		17	Increased revenue from sales of electricity from renewable energy sources	Although the market for renewable electricity is limited, we will proactively engage in renewable electricity + all electrification & V2H, etc., for "realizing climate change response" as our "social value creation," which will provide new business opportunities and lead to higher sales.	Small	<ul style="list-style-type: none"> With the introduction of offsite PPAs, we will set a goal to increase the ratio of PPAs to total electricity from the current 2.66% to 12% in FY2030 and to over 20% in FY2050 We will introduce storage batteries at 60 business sites by FY2040 to increase the off-grid consumption rate (provisional estimate of installation cost: approx. 200 million yen)
	Market	18	Alliances with startups and other companies related to environmentally friendly lifestyle	Although sales related to environmentally friendly lifestyles are limited, there is a high demand for products and services in response to rising average temperatures, and providing these products and services through alliances with startups and other companies will increase sales.	Medium	<ul style="list-style-type: none"> Strengthening of products and services to respond to rising average temperatures through alliances with startups and other companies Energy-saving, high-efficiency air conditioners, and related services Refrigerators with high food preservation performance and related services Repair services for air conditioners and refrigerators Support products and services related to relocation due to climate change New proposals for home renovation to maintain air tightness and indoor ventilation renovation to allow efficient use of air conditioning
		Resource Efficiency	19	Cost reduction through introduction of renewable energy and energy saving	The impact is small because incentives and markets for renewable energy/energy conservation are limited.	Small
	20		Cost reduction through energy efficiency improvements related to transportation	The impact is small because the EV market and the need for supply chain collaboration are small.	Small	Nothing in particular
	21		Cost reduction through energy efficiency improvements related to transportation	Because laws and regulations related to climate change stagnate, there is little possibility that the procurement costs of plastic bags and packaging materials, electrical appliances that use plastic, and the cost of disposing of plastic-based waste will increase.	Small	Nothing in particular
	Reputation	22	Increased sales due to improved consumer reputation as a result of proactive response to climate change	The impact is small because consumers are not becoming more environmentally conscious.	Small	Same as #10
		Resilience	23	Risk reduction by strengthening disaster resilience in logistics networks and stores	Although physical risks are expected to increase, risks can be reduced by establishing BCP plans and creating resilient stores that can respond to natural disasters (torrential rains and large typhoons) caused by abnormal weather conditions.	Medium