

# The Environment

The Joshin Group's environmental initiatives are key to the achievement of one of our seven material issues: "contributing to the creation of an enriching society that is in harmony with the global environment." We believe that progressively tackling these issues will improve how we are viewed by society at large.

## ● Joshin Group's Environmental Initiatives

Building on deepening global environmental issues and Joshin's own management policies, the Joshin Group has established a Basic Environmental Policy, Environmental Action Guidelines, and Green Smile Challenge 2050 to clarify the society we aim to achieve in the long term. In addition, in order to realize a "decarbonized" society, the Joshin Group has created a decarbonization transition plan based on TCFD standards to help prevent global average temperatures from rising more than 1.5°C.

### Joshin Group Environmental Principles

The Joshin Group recognizes that conservation of the global environment based on the spirit of our Corporate Credo of "Thoughtfulness" is of extreme importance for people and all other life on earth. We intend to work hard as a responsible corporation with the social mission of creating an environment where people can live in peace, comfort, and good health, while also considering biodiversity.

### Joshin Group Basic Environmental Policy (excerpt)

Based on our management philosophy of "Connecting people and society to the future with a smile," we are focused on making prosperous living proposals that anticipate lifestyle changes, and on providing safe and secure products and services. Through these activities, we will contribute to a prosperous society in harmony with the global environment.

Environmental management system

Stakeholders engagement

Appropriate disclosure of environmental information

### Joshin Group Environmental Action Guidelines / Joshin Green Smile Challenge 2050 (excerpt)

#### Initiatives to counteract climate change

- Achieve a carbon neutral society
- Raise our proportional usage of off-grid power via solar power generation
- Raise our proportional usage of renewable energy sources at all business sites, including tenants

#### Initiatives to create a recycling-based society

- Achieve circular economy-related businesses
- Promote proper reuse and recycling of used home appliances
- Reduce the use of plastics by no longer offering shopping bags and taking other related actions

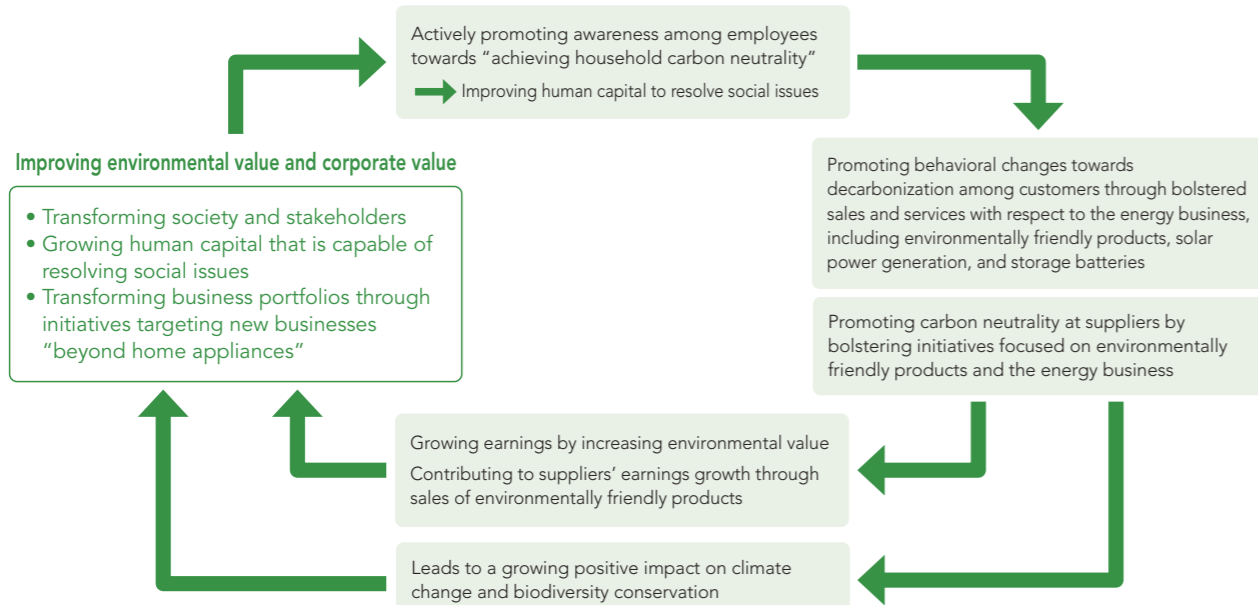
#### Achieving carbon neutrality in the household

- Bolster sales of environmentally friendly products and promote renovations that enhance home environment functionality

Please refer to our website for details. <https://www.joshin.co.jp/en/csr/environment/policy.html>

## ● Correlation Chart for Boosting Corporate Value through the Joshin Group's Environmental Initiatives

The Joshin Group is increasing our human capital to lead the way on resolving environment-related social issues and contributing to public awareness on these issues. We believe these efforts result in the following correlations that help improve our corporate value over the long term.

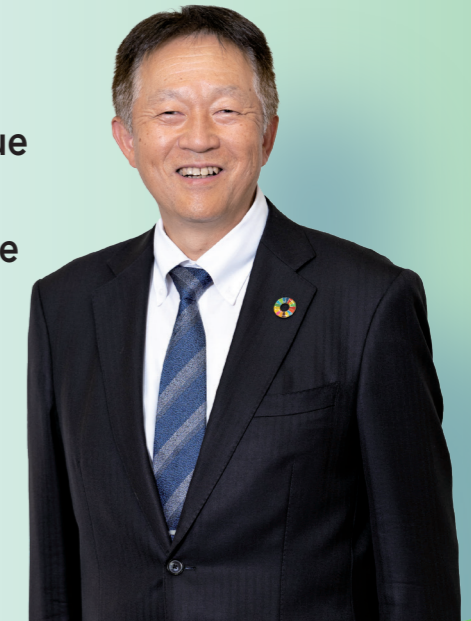


## Message from the Officer in Charge of Infrastructure Strategy

**Moving forward, Joshin Group will continue actively working to resolve environmental issues, demonstrating our corporate stance on this topic to all stakeholders through highly accurate information disclosures.**

横山 晃一

**Koichi Yokoyama**  
Managing Executive Officer  
in Charge of Infrastructure Strategy



As an industry leader of environmental initiatives, the Joshin Group recognizes that people's growing concern for the environment and the transition to a "decarbonized" society of the future represent major business opportunities for the Group. To that end, we believe that generating social value by "achieving household carbon neutrality" will in turn enhance our corporate value.

Joshin will continue to promote the replacement of household goods with environmentally friendly ones that contribute to making households carbon neutral, in addition to selling residential solar power systems, home renovation services, and EV-related products that have become an important pillar of our earnings in the home appliances business, and we will further strengthen these initiatives moving forward. Specifically, we are promoting more widespread use of energy-efficient products such as air conditioners, refrigerators, drum-type washer-dryers, and instant-heating warm-water washing toilet seats, as well as high-performance energy generation, storage, and efficiency products such as Eco Cute heat pump water heaters, energy-saving gas water heaters, bathroom renovations (saving energy with high-insulation bathtubs), water-saving toilets, solar power systems, and home storage batteries.

Additionally, with the growing adoption of EVs, we expect demand for residential EV charging equipment to continue rising. The Joshin Group has long offered EV outlet installation services to promote the introduction of EV charging systems, and since FY2022, we have also begun full-scale sales and installation of V2H (Vehicle to Home) systems. We believe that determinedly implementing these initiatives now will give rise to opportunities to participate in new environmental businesses in the future.

Meanwhile, the loss of biodiversity has come into sharp focus as a global issue. The Joshin Group has positioned preservation of biodiversity as a material issue to be resolved, and it is incorporated into the Joshin Group Basic

Environmental Policy and the Joshin Group Procurement Policy and Procurement Guidelines. These documents emphasize biodiversity conservation and accommodations aimed at achieving a sustainable natural environment.

Moreover, beginning in FY2024, the Joshin Group has been working to determine our relationship with natural resources and dependence on and impact on nature from our perspective as a retailer. As part of our first disclosure under the TNFD (Taskforce on Nature-related Financial Disclosures) declaration, we published a qualitative analysis based on TNFD recommendations. Going forward, we will further enhance our analysis of risks and opportunities related to our directly managed sites and broaden our information disclosures.

Finally, the biggest news for FY2024 with respect to the Joshin Group's environmental initiatives was our acquiring an A score, the highest CDP rating, for the second consecutive year under the CDP Climate Change Program. We also received the highest rating of "AAA" for the first time in the MSCI ESG Ratings, a globally recognized benchmark for ESG investment.

We believe that this shows how the Group's initiatives to tackle environmental problems and promote information disclosure have been highly evaluated internationally.

While it is also an issue that we are presently working on, we intend to convincingly communicate our "Environmental Joshin" aspect to our customers as an integral part of our brand to ensure that it makes a large contribution to the Group's business.

Moving forward, Joshin will continue actively working to resolve environmental issues, demonstrating our corporate stance on this topic to all stakeholders through involvement in international initiatives and appropriate information disclosures, and thereby boosting our company image and corporate value.

# Response to Climate Change

## ● Governance

### Supervision Framework

Risks and opportunities related to environmental issues such as climate change and biodiversity conservation, as well as the measures to address them, are proposed through the Climate Change Project. These measures are discussed by the Sustainability Committee and the Risk Management Committee, both of which are comprised of the Representative Director, President and Executive Officer, other executive officers, Audit and Supervisory

Committee members, and department heads (including officers at subsidiaries). Following these discussions, final decisions are made by the Board of Executive Officers, the Company's central body for business execution, under the supervision of the Board of Directors. Progress on approved measures is reported at the Sustainability Committee. Meanwhile, progress on key risk-related matters is reported to the Risk Management Committee, ensuring consistent monitoring of company initiatives.

### Executive Framework



### Joshin Group's Track Record on Environmental Initiatives

| 2021  | 2022   | 2023  | 2024   | 2025  |
|---|--|---|--|---|
| <ul style="list-style-type: none"> <li>Endorsed the TCFD Recommendations</li> <li>Introduced renewable energy at 108 business sites</li> <li>Joined the CDP (Carbon Disclosure Project)</li> <li>Formulated the Environmental Policy</li> <li>Established the Sustainability Committee</li> </ul> | <ul style="list-style-type: none"> <li>TCFD scenario analysis</li> <li>Obtained third-party assurance for Scopes 1 and 2 emissions</li> <li>Formulated a roadmap for initiatives through 2050</li> <li>Identified emissions across all Scope 3 categories</li> </ul> | <ul style="list-style-type: none"> <li>Selected for the CDP Climate Change A List for the first time</li> <li>Transitioned to 100% renewable electricity at business sites where Joshin contracts directly with power suppliers</li> <li>SBTi short-term target certification</li> <li>Reflected ESG performance in executive compensation</li> </ul> | <ul style="list-style-type: none"> <li>CDP A List for the second consecutive year</li> <li>Obtained third-party assurance for Scope 3 (1, 4, 11)</li> <li>Installed EV charging stations at all business sites where installation is possible</li> <li>Received an MSCI ESG Rating of "AAA"</li> <li>Endorsed TNFD Recommendations and made disclosures</li> </ul> | <ul style="list-style-type: none"> <li>CDP Engagement Score A List</li> <li>Chosen as an "Environmentally Sustainable Company" at the Ministry of the Environment's 6th ESG Finance Awards Japan</li> </ul> |

## ● Risk Management

The Joshin Group analyzes medium- to long-term issues impacting our businesses and identifies potential risk factors, which are then used to formulate a medium- to long-term business strategy. The Climate Change Project reviews progress on environmental initiatives and challenges therein, and then reports are submitted to the Sustainability Committee.

Upon receiving the Sustainability Committee's reports, the Board of Executive Officers deliberates on the Joshin Group's environmental response and all other sustainability matters. This is all supervised by the Board of Directors. Furthermore, the Risk Management Committee examines and manages key risks identified within the Group.

## ● Strategy

### Impact of Climate-Related Risks and Opportunities on the Organization's Business, Strategy, and Financial Planning

The Joshin Group conducts scenario-based analyses assuming global average temperature increases of 1.5/2°C and 4°C respectively, with the aim of assessing the risks and opportunities that climate change poses to the Group and impact on our businesses, as well as formulating appropriate countermeasures. For each average temperature increase scenario, we identify the impact on businesses under the transition risks, physical risks, and

related business opportunities, and we are already taking steps toward implementing response measures by 2030. The Group's main long-term objectives through 2050 are outlined under the seven material issues. Based on this foundation, we analyze the potential impact of climate change, and under both temperature scenarios, we formulate new growth opportunities aligned with our business strategy and medium-term management plan.

### Risk Assessment and Business Opportunities from Climate Change

• Scenario: 1.5°C / 2°C scenario and 4°C scenario

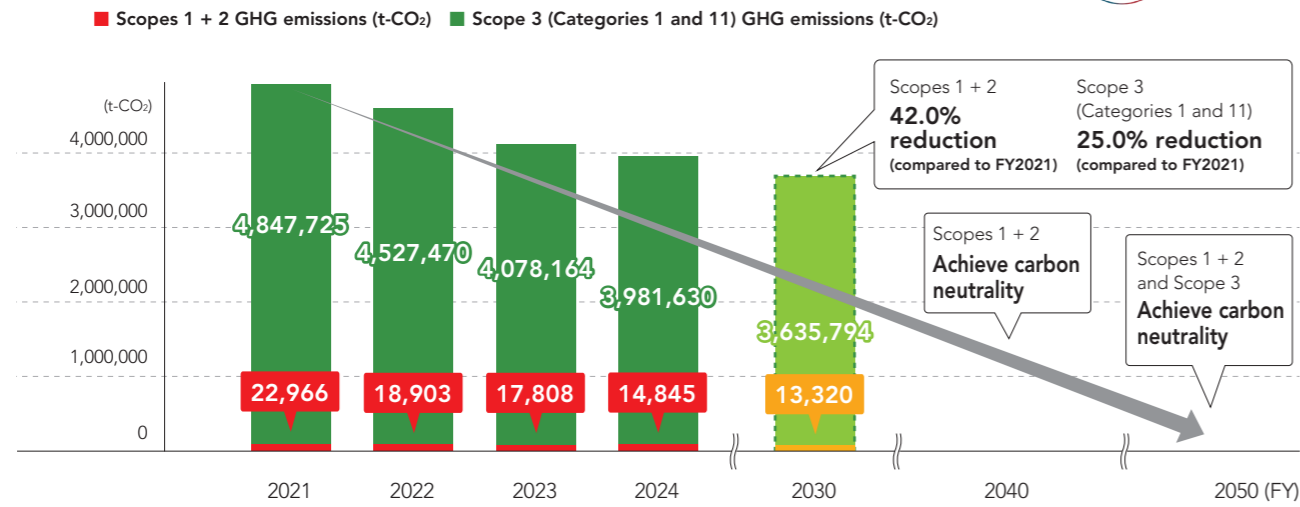
|                  | Time                           | Risks/Opportunities | Financial Impact   |  | Countermeasures        | FY2024 Status  |  |
|------------------|--------------------------------|---------------------|--|--|------------------------|--|--|
|                  |                                |                     | 1.5°C/2°C  | 4°C  |                        |  |  |
| Transition risks | Policies and legal regulations | Medium term         | Increase in costs resulting from introduction of carbon pricing  | ↑<br>(¥261 million)  | →                      | 100% renewable electricity at business sites where Joshin contracts directly with power suppliers (Completed in FY2023)  | Implemented<br>(¥76 million)   |
|                  |                                | Medium term         | Increased costs due to stronger plastic regulations  | ↑  | →                      | Promoting introduction of renewable energy at leased properties, such as tenant-occupied business sites (FY2040)   | Underway   |
|                  | Technologies                   | Long term           | Rising costs due to decarbonization and renewable energy technologies (Renewable energy facilities, EVs, etc.) | ↑  | →                      | Reduced use of plastic packaging materials   | Underway   |
|                  |                                | Long term           | Rising costs due to higher energy prices   | ↑  | →                      | Optimized use of plastic materials across the entire supply chain  | Planned  |
| Physical risks   | Acute                          | Long term           | Risk of business suspension due to intensifying storms and floods  | →  | ↑<br>(¥1,460 million)  | Further implementation of energy-saving initiatives at business sites<br>Expansion of ZEB-implementing business sites (Rebuilding renewable energy & energy-saving facilities) | Underway<br>(¥56 million)  |
|                  | Chronic                        | Long term           | Increased air conditioning costs and other electricity consumption due to rising average temperatures          | →  | ↑<br>(¥5,720 million)  | Countermeasures for increased operational costs due to ICP implementation  | Planned  |
| Opportunities    | Products and services          | Medium term         | Increased sales of climate change-related products and services  | ↑<br>(¥100,000 million)  | →                      | Keeping down capital investment costs through optimized balancing of in-house and external procurement   | Underway   |
|                  | Markets                        | Medium term         | Expansion of business markets with the transition to a decarbonized society                                    | ↑<br>(¥500 million)  | →                      | Established and promoted a business continuity management framework<br>Added disaster preparedness facilities (storage batteries, emergency supplies) to stores                | Implemented<br>(¥79 million)   |
|                  |                                | Short term          | Medium term  | Social demand for low-carbon and resilient logistics processes                                     | ↑                      | →  | Investing in energy-saving facilities to reduce store and facility temperature increases (e.g., green parking lots, heat-shield films)   |
|                  | Reputation                     | Long term           | Medium term  | Opportunities for more consistent earnings through mitigation of the risk of seasonal fluctuations | ↑<br>(¥30,000 million) | →  | Promoting environmentally friendly products and services<br>Promoting renovations that enhance home environment functionality<br>Promoting sale of energy-generating and energy storage facilities (solar panels, storage batteries, etc.) |
| Long term        |                                | Long term           | Growing demand for investment focused on ESG assessments   | ↑  | →                      | Promoting "decarbonization" businesses through alliances with other companies, such as circular economy businesses   | Planned  |

In the Joshin Group's scenario-based analysis, we adopt the "NZE 2050" scenario published by the International Energy Agency (IEA) in which there is a 1.5°C increase, and the "RCP 8.5" scenario for the 4°C case.

● Metrics and Targets

Roadmap for a Major Action Plan for Environmental Issues

Changes in the Decarbonization Transition Plan



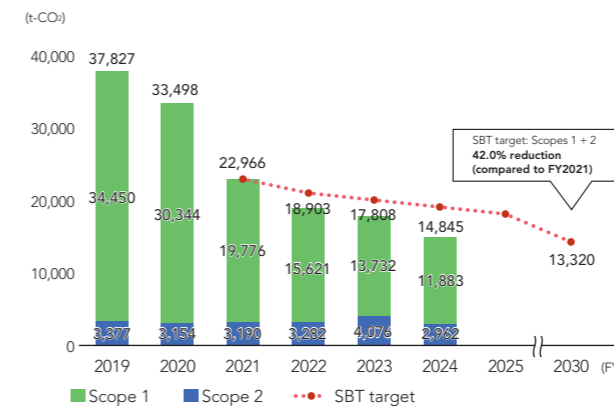
| Goals and measures   | By 2025  | By 2030  | By 2050   |
|--|--|--|---|
| Early realization of 100% renewable energy power sources at all business sites   | After achieving 100% renewable energy ratio at all business sites that contract directly with power suppliers, we are continuing negotiations to increase the proportion of renewable energy usage at tenant-operated stores, etc. | Achieve 80% renewable energy ratio at all business sites including leased properties   | Raise the percentage of renewable energy sources to 100% at all business sites <b>2040</b>  |
| Initiatives to increase the percentage of off-grid power consumption at business sites where the Company contracts directly with power suppliers | Promote the installation of solar power generation systems and off-site PPAs to improve the Group's energy self-sufficiency, achieving 30% off-grid power generation at directly contracted business sites                         | Promote the introduction of storage batteries as a BCP measure, and plan for installation at 40 business sites by FY2030<br>Aim to acquire ZEB (net zero energy building) certification at new stores in the footsteps of the Nara store <b>2026</b> | Achieve 50% off-grid power generation at directly contracted business sites<br>Introduce high-efficiency solar power generation systems and grid-connected batteries, as well as off-site PPAs to expand the off-grid power generation at directly contracted business sites to 50% of the total                        |
| Manage and reduce GHG emissions throughout our supply chain  | Develop emissions reduction plans aligned with the GHG emissions reduction targets under the SBT for major Scope 3 categories  | 25.0% reduction compared with FY2021 levels for Scope 3 categories 1 and 11  | Cut 100% of GHG emissions in target Scope 3 categories<br>Collaborate with suppliers to achieve carbon neutrality in all Scope 3 categories   |
| More refined information disclosures and establishment of environmentally related business schemes   | Identify the financial impacts of the transition plan and conduct quantitative analysis of risks, opportunities, and impact based on TNFD recommendations  | Obtain "SBTs for Nature" certification with the aim of achieving greater accuracy in nature-related disclosures  | Work to build a business out of "achieving household carbon neutrality" and aim to budget on an annual basis as part of the internal company business plan<br>Implement the Scope 3 emissions reduction plan by promoting the sales of low-carbon products through carbon footprint disclosure by suppliers <b>2040</b> |

Initiatives to Reduce GHG Emissions

► Joshin Group's GHG Emissions Reduction Initiatives

Of the seven material issues, "Contributing to the creation of an enriching society that is in harmony with the global environment" is one of the priorities of the Joshin Group. In particular, regarding the reduction of GHG emissions, we have set an interim target toward achieving carbon neutrality

GHG Emissions (Scopes 1 and 2)



► Identifying GHG Emissions in the Supply Chain

For indirect GHG emissions (Scope 3) in the supply chain throughout the Joshin Group, we will continue to implement initiatives for acquiring primary data with suppliers in order to satisfy Climate-related Disclosures Standard (SSBJ No. 2), which

| Scope 3 category                         | FY2024 calculation results                               |                |
|--|--|----------------|
|  | CO <sub>2</sub> calculation results (t-CO <sub>2</sub> ) | Percentage (%) |
| 1 Purchased products and services        | 857,949  | 21.2%          |
| 2 Capital goods                          | 19,994   | 0.5%           |
| 3 Fuel                                   | 4,665  | 0.1%           |
| 4 Transportation and delivery (upstream) | 26,698   | 0.7%           |
| 5 Waste generated from operations        | 10,919   | 0.3%           |
| 6 Business travel                        | 127  | 0.0%           |
| 7 Employer commuting                     | 1,758  | 0.0%           |
| 8 Leased assets (upstream)               | Not considered   |                |

Third-party Assurances of Numeric Values

In FY2025, the Group received third-party assurances from Japan Audit and Certification Organization for Environment and Quality (JACO) for Scope 1, Scope 2, and Scope 3 categories 1,

- Information subject to assurance: Energy consumption, GHG emissions (Scopes 1 and 2 and Scope 3 categories 1, 4, and 11)
- Range of assurance: Japan (Joshin Denki Co., Ltd. and subsidiaries in Japan; stores, logistics sites, etc.)

— aiming for a 42.0% reduction in Scopes 1 + 2 emissions by FY2030 compared with FY2021 levels. This target has been submitted to and accepted by SBT. As in the past, we will continue striving to achieve GHG emissions reductions ahead of schedule.

Joshin Group Energy Consumption (FY2024)

| Energy category             | Energy consumption   | Crude oil equivalent |        |
|-----------------------------|----------------------|----------------------|--------|
|                             | MWh                  | KL                   |        |
| Total fuel consumption (1)  | 15,722               | 1,460                |        |
| Total power consumption (2) | 89,438               | 19,937               |        |
| Breakdown                   | Renewable energy     | 61,308               | 13,666 |
|                             | Non-renewable energy | 28,130               | 6,271  |
| Total energy (1) + (2)      | 105,160              | 21,397               |        |

Please see our website for details on Joshin Group environmental data. <https://www.joshin.co.jp/en/csr/environment/data.html>

were developed in order to provide a global baseline for system disclosure based on the voluntary disclosure that was previously used for sustainability disclosure.

| Scope 3 category                           | FY2024 calculation results                               |                |
|--|--|----------------|
|  | CO <sub>2</sub> calculation results (t-CO <sub>2</sub> ) | Percentage (%) |
| 9 Transportation and delivery (downstream) | Not considered   |                |
| 10 Processing of products sold             | Not considered   |                |
| 11 Use of products sold                    | 3,123,681  | 77.0%          |
| 12 Disposal of products sold               | 6,462  | 0.2%           |
| 13 Leased assets (downstream)              | 3,163  | 0.1%           |
| 14 Franchises                              | 56   | 0.0%           |
| 15 Investment                              | 393  | 0.0%           |
| Total                                      | 4,055,865  | 100.0%         |

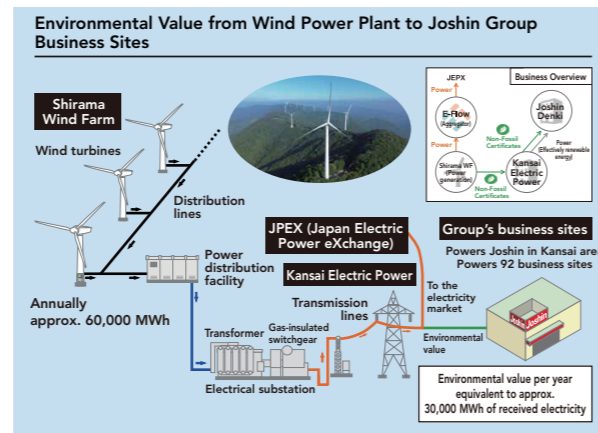
4, and 11. These account for 98.9% of total emissions from the entire Group.

## ● Virtual PPA Utilizing Wind Power

The Joshin Group has entered into a virtual power purchase agreement (Virtual PPA) with Kansai Electric Power Co., Inc. and Shirama Wind Farm Co., Ltd. (part of the Kinden Group, hereinafter "Shirama WF"), with operations scheduled to begin in October 2025.

Under this initiative, 30,000 MWh of electricity generated annually by Shirama WF's wind power plant located in Wakayama Prefecture (capacity: 30,000 kW; annually approximately 60,000 MWh) will be supplied to the Group's business sites across the Kansai area.

Through this effort, the Group will reduce the environmental impact of our business sites' operations throughout the Kansai region, while promoting "local production for local consumption" of renewable energy and enhancing contributions to local communities.



## Carbon Neutrality Initiatives

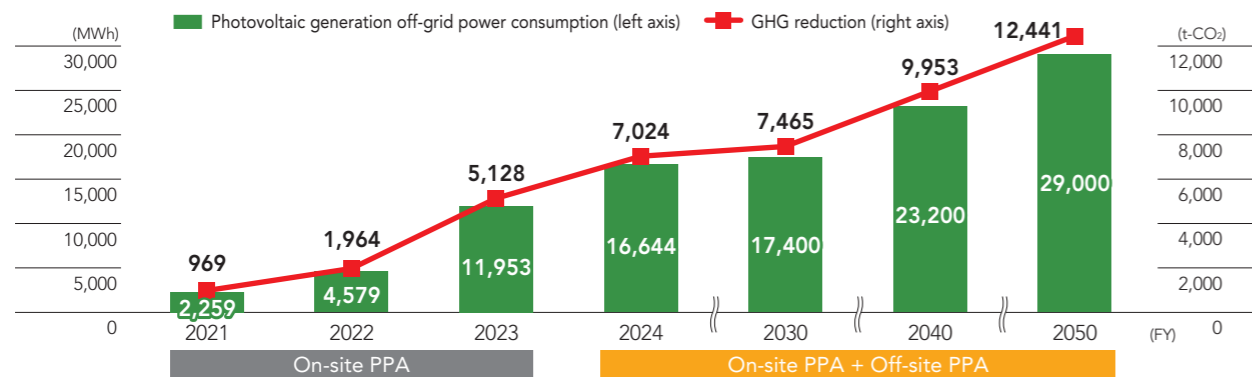
We began working for carbon neutrality at Group business sites from an early stage, and have actively introduced solar power generating systems through on-site and off-site PPA.

In addition, Joshin has completed contracts for renewable energy supply at business sites where the installation of solar power systems is not feasible, and by FY2023, all 149 business sites where Joshin contracts directly with power suppliers were

successfully transitioned to renewable energy sources.

In the future, we will promote the introduction of renewable energy across all business sites, including leased properties, while also aiming to further increase our percentage of off-grid power consumption by introducing storage batteries, and we will prepare for the risk of higher renewable energy power prices.

## Off-grid Solar Power Consumption (MWh per Year) and GHG Emissions Reduction (t-CO<sub>2</sub> per Year)



## Joshin Group Total Renewable Energy Procurement

The Joshin Group calculated the projected composition of power sources for FY2030, FY2040, and FY2050 based on the assumption that, despite some fluctuations resulting from the scrap-and-build of real stores and the expansion of e-commerce

sales, the total amount of electricity procured and consumed across the Group would remain largely stable.

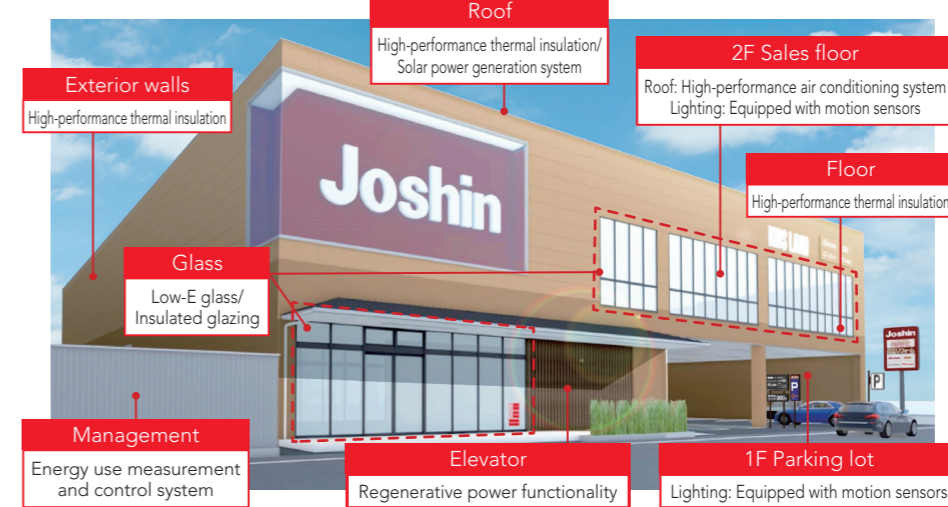
The figures for FY2023 and FY2024 represent the actual ratios achieved during those years.

| Power consumption breakdown                         |  | FY2023 | FY2024 | FY2030 (Estimate) | FY2040 (Estimate) | FY2050 (Estimate) |
|---|--|--------|--------|-------------------|-------------------|-------------------|
|   |  | Ratio  | Ratio  | Ratio             | Ratio             | Ratio             |
| Renewable energy                                    | Procurement and consumption with renewable energy supply plans | 58.0%  | 49.4%  | 49.5%             | 45.0%             | 40.0%             |
|   | Procurement and consumption with renewable energy certificates | 0.3%   | 0.6%   | 0.5%              | 15.0%             | 10.0%             |
|   | Off-grid (including PPA)                                       | 6.5%   | 18.6%  | 30.0%             | 40.0%             | 50.0%             |
| Proportion of renewable energy procurement          |  | 64.9%  | 68.5%  | 80.0%             | 100.0%            | 100.0%            |
| Non-renewable procurement and consumption           |  | 35.1%  | 31.5%  | 20.0%             | 0.0%              | 0.0%              |
| Total procurement and consumption                   |  | 100.0% | 100.0% | 100.0%            | 100.0%            | 100.0%            |
| Scope 2 market-based emissions (t-CO <sub>2</sub> ) |  | 13,732 | 11,883 | 11,470            | 0                 | 0                 |

## ● ZEB Initiatives

The Joshin Group is engaged in various ZEB-oriented initiatives with the aim of striking a balance between environmental friendliness and comfort at store locations.

### Overview of Initiatives

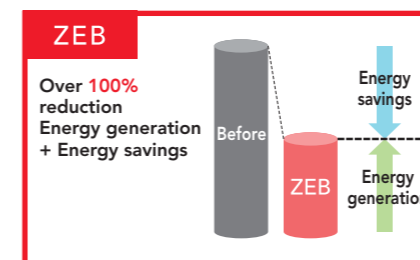


### What is ZEB?

Buildings that utilize advanced architectural designs to reduce energy burdens, actively utilize natural energy, and introduce high-efficiency equipment to achieve large energy savings while maintaining the quality of the interior environment. Renewable energy is then added to increase energy independence as much as possible and reduce the annual primary energy consumption budget to zero.

### ZEB certification received at Nara store

ZEB certification at Nara store opened on November 22, 2024



### [Nara Store - ZEB Initiatives]

|  |  |
|--|--|
| Air conditioning                         | Energy savings through the adoption of high-efficiency systems                     |
| Lighting                                 | Energy savings through use of sensor-activated lights                              |
| Building envelope performance            | Energy savings through high-performance insulation and low-E double-glazed windows |
| BEMS (Building Energy Management System) | Management of data on in-store energy usage  |
| Solar power generation                   | Power generation using monocrystalline solar cells                                 |



Achieved a 6-star rating under the BELS\* system and obtained ZEB certification  
\* Building-Housing Energy-Efficiency Labeling System

## ● Aiming for Energy Self-Sufficiency through Storage Batteries and Rooftop Solar Power

Solar power systems have been installed at nearly all stores where it is feasible to do so. The next step toward achieving our renewable energy targets is to begin introducing storage batteries.

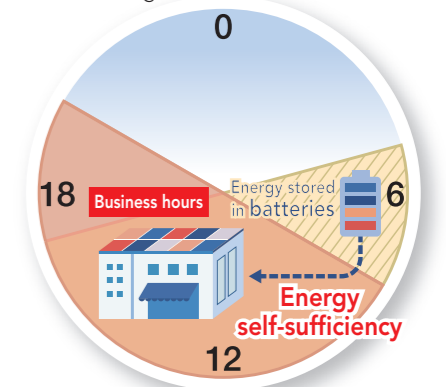
At the Matsudo store, we have installed a relatively large storage battery with a capacity of approximately 200 kWh, along with rooftop solar panels.

Electricity generated by the solar power systems from sunrise until store opening is stored in the battery and discharged after sunset until store closing to maximize self-consumption of renewable energy.

In addition, the system is designed to supply enough



electricity to allow the store to continue selling disaster-preparedness supplies on part of the sales floor in the event of an emergency. The goal is to make the store a trusted presence for the local community both during normal times and in times of crisis. The Matsudo store serves as an advanced example of GX (Green Transformation) at a store, contributing to the community and to decarbonization goals.



# Biodiversity Initiatives

The Joshin Group recognizes nature-related impacts as a key management challenge. In our first disclosure based on the TNFD Recommendations (Version 1.0), we published the results of our analysis on our dependence and impact on nature, as well as related risks and opportunities.

## Governance

See p. 79 for more information on governance.

## Strategy

The Joshin Group applied the LEAP approach to its core business of retailing home appliances and related products, identifying our dependence and impact on nature, as well as the associated risks and opportunities, and organized corresponding response measures.

Note: The LEAP approach is a comprehensive process recommended by the TNFD for assessing nature-related issues, including an organization's interactions with dependence, and impact on nature, and the resulting risks and effects.

### "Locate" - Summary of Findings on Interactions with Nature

We examined points of interaction with nature for 40 representative sites selected from among the Joshin Group's 261 directly managed sites. Using IBAT, we identified nature-related connections within a 50-km radius of each site. The results showed that the site located in central Wakayama Prefecture had the highest number of IUCN Red List species at 2,387; the site in Kanagawa Prefecture had the greatest number of protected areas

(PAs) at 266; and the site in Aichi Prefecture was situated near the largest number of key biodiversity areas (KBAs) at 12.

In addition, a water risk assessment was conducted using the Aqueduct tool. The site located in Hyogo Prefecture was identified as having a medium to high water risk, particularly due to elevated water stress in the surrounding region.

### "Evaluate" - Summary of Findings on Dependence and Impact

Using the ENCORE tool, we identified four processes with a very high level of impact, as shown in (2) below.

In addition, based on an analysis of the operations conducted at our directly managed sites (stores, service centers, and logistics centers), we confirmed dependence on freshwater

supply and biomass supply. We also identified impacts associated with land-use change resulting from land utilization, pollution caused by waste, resource use and climate change arising from the consumption of energy and water, and the spread of invasive species through products and materials.

#### (1) Dependencies and Impacts at Directly Managed Sites (Common to stores, service centers, and logistics centers)

| Dependencies (ecosystem services) |   | Impacts (causes) |  |
|-----------------------------------|---|------------------|--|
| Freshwater supply                 | Use of water for cleaning, clothes washing, car washing, and for display or operational purposes for certain products | Land use change  | Land use for managed sites   |
| Biomass supply                    | Renewable energy usage  | Pollution        | Waste creation   |
|                                   |   | Resource use     | Use of energy and water  |
|                                   |   | Climate change   | Use of energy  |
|                                   |   | Invasive species | Attachment of species to imported products, consumables, or supplies |

#### (2) Dependencies and Impacts in the Value Chain (Focusing on four processes with significant dependencies or impacts)

| Process       | Upstream  |   | Mid-stream   |   |
|---------------|---|---|--|---|
|               | Resource extraction   |   | Store construction   | Sales & services  |
|               | Oil and gas extraction  | Metal mining  | Store construction work  | Logistics   |
| Impact causes | <ul style="list-style-type: none"> <li>GHG emissions</li> <li>Use of marine ecosystems</li> <li>Water pollutant</li> <li>Water use</li> </ul> | <ul style="list-style-type: none"> <li>GHG emissions</li> <li>Use of terrestrial ecosystems</li> <li>Water use</li> </ul> | <ul style="list-style-type: none"> <li>GHG emissions</li> <li>Use of terrestrial ecosystems</li> </ul> | <ul style="list-style-type: none"> <li>GHG emissions</li> </ul> |

### "Assess" - Risks, Opportunities, and Corresponding Measures

Using the WWF Risk Filter, we conducted a risk analysis and a qualitative assessment of risks based on identified dependencies and impacts for 11 selected sites\*. For directly managed sites, we identified natural disaster risks and risks related to the introduction of invasive species as risks highly relevant to our business activities. In the upstream portion of the value chain, procurement and inventory risks arising from environmental degradation

caused by raw material extraction processes were identified as risks highly relevant to our business activities.

To strengthen relationships with suppliers in the upstream value chain, we will continue to conduct regular supply chain procurement questionnaires and collect and monitor related information on an ongoing basis.

\* Of the 40 sites selected for "Locate," the number of sites that exhibit large water risk or contact with nature

#### Nature-Related Risks

| Business scope         | Risk type  | Risks   | Countermeasures  |  |
|------------------------|------------|---|--|--|
| Directly managed sites | Physical   | Acute   | Damage to sites caused by natural disasters such as typhoons, landslides, extreme heat, or flooding  | <ul style="list-style-type: none"> <li>Assessment of disaster risk when opening new sites</li> <li>Strengthening response measures in the event of a disaster</li> </ul>   |
|                        | Chronic    | Attachment or introduction of invasive species to products imported from overseas | <ul style="list-style-type: none"> <li>Investigation of shipment conditions from suppliers</li> <li>Thorough inspection of foreign products upon arrival</li> </ul>  |  |
| Upstream               | Transition | Policy/markets  | For products associated with environmental degradation during the raw material extraction process, there is a risk of production suspension due to regulatory restrictions and declining demand or surplus inventory resulting from heightened environmental awareness among consumers | <ul style="list-style-type: none"> <li>Handling of environmentally friendly products</li> <li>Establishment of a monitoring framework for domestic and international trends and regulations related to raw material extraction</li> <li>Attention to consumers' growing environmental awareness</li> </ul> |

#### Nature-Related Opportunities

| Business scope         | Opportunities   | Countermeasures   |
|------------------------|---|---|
| Directly managed sites | Bolstering competitiveness through disaster risk countermeasures  | -   |
| Directly managed sites | Bolstering competitiveness through countermeasures to the risk of introducing invasive species  | Mitigating the risk of domestic biodiversity loss caused by invasive species                    |
| Directly managed sites | Strengthening the branding of environmentally friendly products and handling rising demand for such products  | Reducing environmental impact by shifting procurement towards environmentally friendly products |
| Upstream               | Strengthening competitiveness through a reassessment of suppliers that takes into account the environmental impact of raw material extraction and manufacturing processes | Reducing environmental impact by shifting procurement towards environmentally friendly products |

### Risk and Impact Management

Based on the results of the "Assess" analysis, opportunities include initiatives for resource recycling, reduction of environmental impacts by reducing and reusing waste, contributing to GHG emission reductions through sales of environmentally friendly products, thereby helping to combat

climate change. Risk factors include a decline in natural resources resulting from use of energy resources, and the effects on climate change and environmental impacts resulting from emissions into the atmosphere and water bodies. In this way, we understand that our business has various effects on biodiversity.

See p. 80 for more information.

### Measured Indicators and Targets

The Joshin Group has established the following indicators pertaining to nature-related dependencies, impacts, risks, and opportunities.

In the future, we plan to further examine the measurement of actual performance and the setting of specific targets.

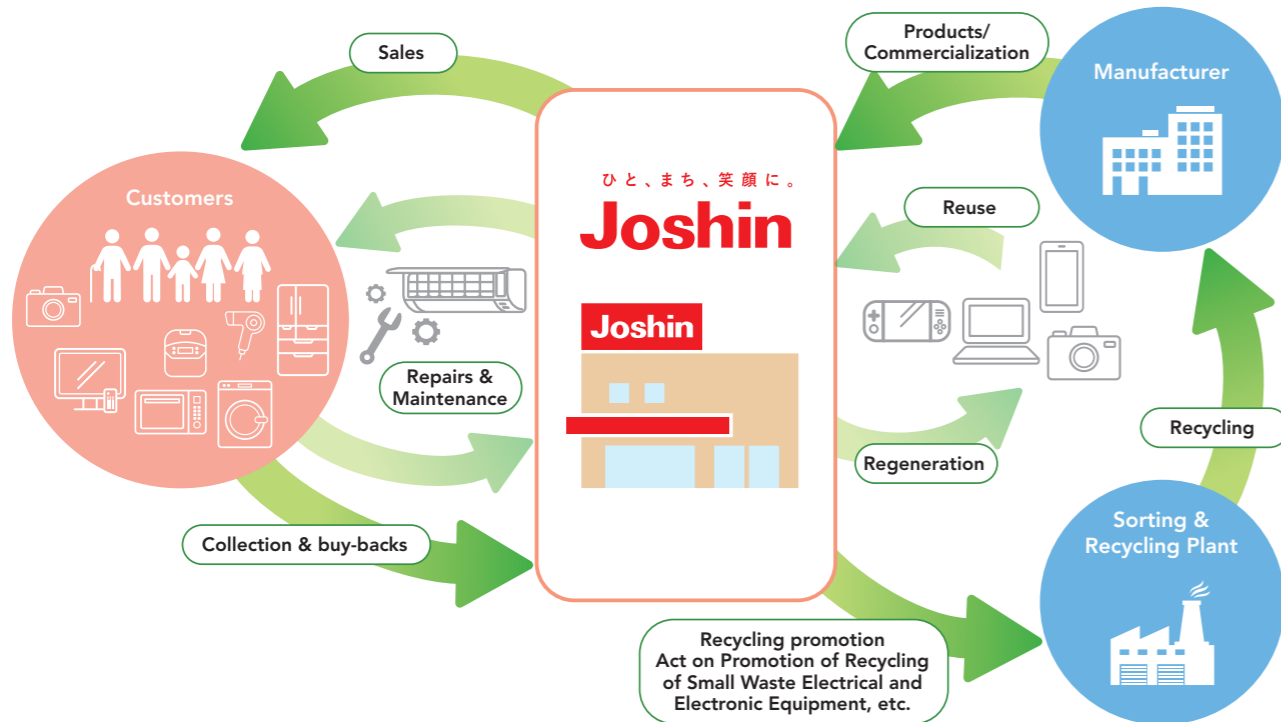
#### Indicators for Dependency and Impact

| Dependency/impact | TNFD global core disclosure indicator |   |   | Indicator applicable to Joshin   |
|-------------------|---------------------------------------|---|---|--|
|                   | No.                                   | Indicator   | Measured indicator  |  |
| Impact            | C4.0                                  | Placeholder indicator: Measures to prevent the unintentional introduction of invasive species | The proportion of high-risk activities operated under appropriate preventive measures that prevent the unintentional introduction of invasive species, or low-risk activities that have been formally planned | <ul style="list-style-type: none"> <li>Number of inspections of shipments conducted to prevent the introduction of invasive species</li> <li>Implementation status of other measures to prevent species introduction (e.g., monitoring supplier countermeasures, strengthening verification processes for imported goods)</li> </ul> |

#### Indicators for Risks and Opportunities

| Risks/opportunities | TNFD global core disclosure indicator |  |  | Indicator applicable to Joshin  |
|---------------------|---------------------------------------|--|--|---|
|                     | No.                                   | Indicator  | Measured indicator   |   |
| Risks               | C7.1                                  | Damage to sites caused by natural disasters such as typhoons, landslides, extreme heat, or flooding          | Amount of assets, liabilities, income, and expenses assessed as vulnerable to nature-related physical risks (total amount and proportion of total)   | <ul style="list-style-type: none"> <li>Proportion of sites assessed as vulnerable to natural disasters (calculated based on number of sites, asset value, earnings, etc.)</li> <li>Amount of damage from natural disasters incurred during the fiscal year</li> </ul> |
|                     | C7.2                                  | Attachment or introduction of invasive species to products imported from overseas                            | Amount and details of heavy fines, penalties, and lawsuits arising from nature-related negative impact during the fiscal year  | <ul style="list-style-type: none"> <li>Proportion of earnings from products with invasive species-related risk</li> <li>Amount of losses due to invasive species introduction during the fiscal year</li> </ul>   |
| Opportunities       | C7.3                                  | Bolstering competitiveness through disaster risk countermeasures   | When applicable, the amount of capital outlay, financing, or investment allocated to nature-related opportunities for each opportunity type, with reference to government or regulatory green investment taxonomies, or third-party industry or NGO taxonomies | <ul style="list-style-type: none"> <li>Amount of investment in countermeasures to risk of natural disaster</li> <li>Amount of investment in countermeasures to risk of invasive species introduction</li> </ul>   |
|                     | C7.4                                  | Strengthening the branding of environmentally friendly products and handling rising demand for such products | Increases in income and proportion thereof from a positive, measurable impact on nature arising from products and services, and a description of the impact thereof  | <ul style="list-style-type: none"> <li>Increase in earnings from sale of environmentally friendly products and the proportion and impact thereof</li> <li>Amount of investment in supplier reassessment</li> </ul>  |

● The Joshin Group's Goal of a Recycling-Based Society



The Joshin Group is currently considering two main “cycles” as part of our effort to establish a circular economy business model. The first is a scheme in which products collected from customers are dismantled by designated contractors, the recovered materials are recycled by suppliers, and these recycled raw materials are then used to manufacture and sell

new products. The second is a scheme in which collected products are repaired and refurbished, then resold as reused products. Through these initiatives, the Group aims to establish circular business practices suited to the retail industry and contribute to the development of a recycling-based society.

● Roadmap for a Major Action Plan for the Formation of a Recycling-Oriented Society by FY2030

| Goals and measures  | By 2025   | By 2030   |
|---|---|---|
| Rebuilding the resource circulation cycle that includes reuse and resale                            | <b>Construct a circular economy model through engagement with outside parties.</b> <ul style="list-style-type: none"> <li>New product initiatives using recycled materials from recycled Joshin products</li> <li>Efforts toward commercializing reuse and recycling businesses through alliances with companies in other industries and suppliers</li> </ul>       |   |
| Initiatives for recycling used paper, cardboard, and other consumables through business alliances   | <ul style="list-style-type: none"> <li>Achieve a 65% collection rate for the four products subject to home appliance recycling.</li> <li>Strengthen the web purchasing system with consideration for external alliances (actively promote buy-back campaigns on the web). Aim for 800 cases by FY2025 and 2,000 cases by FY2030.</li> </ul>                         |   |
| Initiatives to reduce the use of plastic materials in shopping bags and product packaging materials | <ul style="list-style-type: none"> <li>Review of the wastepaper collection scheme and initiatives such as reselling reusable fixtures and equipment from closed offices, aimed at building an in-house circulation system for office supplies and consumables. Through these efforts, we seek to improve resource efficiency and reduce operating costs.</li> </ul> | <ul style="list-style-type: none"> <li>Stop using shopping bags made of plastic materials</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>Achieve a 90% reduction in the plastics used for shopping bags (compared with FY2019)</li> <li>Initiatives to improve the rate of refusal for plastic bags while introducing LIMEX material plastic bags.</li> <li>Consider the introduction of replacement bags that do not use plastics.</li> </ul>                        | <ul style="list-style-type: none"> <li>Introduce shopping bags that do not contain plastic, and eliminate the use of conventional shopping bags.</li> </ul> |

● Initiatives for Environmentally Friendly Products

The Joshin Group has long been promoting the sale of environmentally friendly products. In particular, we actively recommend environmentally friendly air conditioners and refrigerators, since they are used frequently throughout the year.

Our aim is not only to help reduce GHG emissions, but also to lessen the household electricity cost burden amid rising energy prices, allowing customers to stay comfortable while conserving energy.

| Environmental conservation items                       | FY2024             |        | FY2025             |  | Department in charge   |
|--|--------------------|--------|--------------------|--|------------------------|
|  | Target             | Result | Target             |  |                        |
| Sales promotions for environmentally friendly products | Sales ratio of 30% | 25.3%  | Sales ratio of 30% |  | Merchandise Department |

[Target categories]

- Refrigerators: 450 L or larger, rated three stars or higher under the unified energy-saving label system, with an automatic ice-maker
- Air conditioners: Two stars or higher under the energy-saving label system (no star requirements for units at 5.0 kW or above), featuring automatic filter cleaning, auto-louver control, and high-power cooling/heating performance that is unaffected by outside temperature
- Drum-type washer-dryers
- Instant-heating warm-water washing toilet seats

Unit: t-CO<sub>2</sub>/year

| Category for avoided emissions (Energy-saving label: three to five stars) | Reduction in GHG emissions |        |        |        | Avoided GHG emissions |               |
|---|----------------------------|--------|--------|--------|-----------------------|---------------|
|   | FY2021                     | FY2022 | FY2023 | FY2024 | FY2025 target         | FY2030 target |
| Environmentally friendly air conditioners total                           | 4,590                      | 3,256  | 7,948  | 7,387  | 8,000                 | 8,500         |
| Environmentally friendly refrigerators total                              | 5,501                      | 4,596  | 6,714  | 5,922  | 7,000                 | 8,000         |
| Instant water heating type warm water washing toilet seats total          | 288                        | 188    | 371    | 386    | 400                   | 500           |
| Environmentally friendly categories total                                 | 10,379                     | 8,040  | 15,032 | 13,694 | 15,400                | 17,000        |

Note: Comparison of GHG reductions assuming the same sales ratio as FY2013 in each fiscal year

For the above, we set a replacement cycle guideline using the difference in GHG emissions that would result if the same number of environmentally friendly products sold during FY2021–FY2024 had been sold instead of the baseline models. Based on this, the reduction contribution was calculated by comparing

the difference in GHG emissions that would result if the same number of environmentally friendly products sold during FY2021–FY2024 had been sold instead of the baseline models.

Examples of Circular Economy Resource Recycling

1. Participation in the GUNPLA RECYCLING PROJECT

In collaboration with the Bandai Namco Group, Joshin participated in the GUNPLA RECYCLING PROJECT. This campaign collects and recycles the plastic frame parts from Gundam series model kits, transforming them into new plastic model products. On April 1, a collection box for this project was set up at the Super Kids Land Main Store. During this time, we also sold ECOPLA, a new type of model kit created from recycled plastic, which was received positively by many customers.



2. Pilot Program Launched for the “Japan Plastic Bottle Cap Recycling Project”

As part of our efforts to help build a recycling-based society, we launched a pilot program at our head office building to promote the recycling of plastic bottle caps within Japan. In collaboration with SUPERMATE CORPORATION, the collected caps are recycled and reused as part of the shopping baskets used in our stores.

30% reduction in the plastic used in shopping baskets

10 shopping baskets create 1 vaccine

Bottle caps 97

\* ¥2 donation to JCV (Japan Committee, Vaccines for the World's Children) for every shopping basket