

Climate Change Initiatives (Compliance with the TCFD)

Risks and opportunities related to climate change

	Future changes/trends	Risks/opportunities in the Group	Description of Risks/opportunities	Impact on profits
Risks	Intensifying natural disasters	<ul style="list-style-type: none"> • Suspension of plant and warehouse operations • Supply shortages due to suspension of suppliers 	<ul style="list-style-type: none"> • Restoration costs for damaged buildings • Only limited alternative suppliers, responsibility for supply 	<ul style="list-style-type: none"> • ¥50 to 100 million • Impact on sales activities
	Increasing demand for renewable energy	<ul style="list-style-type: none"> • Increased renewable energy prices 	<ul style="list-style-type: none"> • Cost increase due to renewable energy procurement 	<ul style="list-style-type: none"> • Increase in costs compared to current electricity charges
	Tighter environmental regulations	<ul style="list-style-type: none"> • Introduction of carbon tax 	<ul style="list-style-type: none"> • Tax increase due to carbon tax 	<ul style="list-style-type: none"> • Increase in costs due to tax increase caused by introduction of carbon tax
Opportunities	Increasing demand for environmentally-conscious products	<ul style="list-style-type: none"> • Increased demand for environmentally-conscious products 	<ul style="list-style-type: none"> • Increase in sales of environmentally-conscious products 	<ul style="list-style-type: none"> • Increased profits due to the expansion of product sales
	Increasing demand for products due to the shift to EVs and low-carbon	<ul style="list-style-type: none"> • Increased demand for nonferrous metals, environmentally-conscious steel products, etc. 	<ul style="list-style-type: none"> • Increase in sales of nonferrous recycled ingots, scrap materials, etc. 	<ul style="list-style-type: none"> • Increased profits due to the expansion of product sales