

## Tourism and hotel business

Reference: "Practical guide for Scenario Analysis in line with the TCFD recommendations 3rd edition," Ministry of the Environment (March 2021)

Target scope: Worldwide, all businesses, the entire Group, the entire supply chain

Time horizon: Short term (current-2025), medium term (around 2030), long term (around 2050)

| (1) Assess materiality of climate-related risks |                             |                      |   |   |   |  |                      |             |                  |                    |
|---|-----------------------------|----------------------|---|---|---|--|----------------------|-------------|------------------|--------------------|
|   | Risk/opportunity categories |                      | Major aspects and policy actions  | Risk/opportunity factors  | Business impact   | Business impact metrics  | Time horizon         | Probability | Degree of impact | Overall assessment |
| Risks   | Transition risks            | Policy and legal     | Enhancing regulations on GHG emissions, imposing greater obligations on information disclosure  | Increase in aviation fuel taxes   | Soaring travel costs due to higher aviation fuel taxes and the resulting drop in tourism demand   | Intensifying competition, decrease in net sales                    | Medium to long term  | Medium      | Medium           | Medium             |
|   |                             |                      |   | Stricter energy-saving performance standards for repairs and major renovations  | Increased construction and other costs to satisfy energy-saving performance   | Increase in capital investment                                     | Medium to long term  | Medium      | Large            | Large              |
|   | Physical risks              | Acute physical risks | Event-driven risks, including severity of extreme events such as cyclones or floods   | Increasing severity of weather disasters  | Facility damage due to natural disasters, reduced facility utilization rates due to business suspensions, increasing reluctance of staff to work, increased procurement costs for materials, etc. | Decrease in net sales / increase in variable selling costs         | Short to long term   | Large       | Large            | Large              |
|   |                             |                      |   | Spread of infectious diseases   | Decreased facility utilization rates due to the spread of infectious diseases caused by global warming  | Decrease in sales, increase in sanitation costs                    | Short to medium term | Small       | Large            | Large              |
| Opportunities                                   | Resource Efficiency         |                      | <ul style="list-style-type: none"> <li>■ Use of more efficient models of transport</li> <li>■ Use of more efficient production and distribution processes</li> <li>■ Use of recycling</li> <li>■ Move to more efficient buildings</li> <li>■ Reduced water usage and consumption</li> </ul> | Making resource recycling measures (food loss countermeasures, etc.) profitable | Contribution to profit through recycling of food residues and other materials (sales of compost, feed, etc.)  | Increase in sales, decrease in selling and administrative expenses | Short to medium term | Large       | Small            | Small              |
|   |                             |                      |   | Transportation efficiency   | Reduction of GHG emissions in line with lighter containers and more efficient transportation, and resulting tax burden reduction  | Increase in variable costs   | Short to medium term | Large       | Medium           | Medium             |
|   | Energy Source               |                      | <ul style="list-style-type: none"> <li>■ Use of lower-emission sources of energy</li> <li>■ Use of supportive policy incentives</li> <li>■ Use of new technologies</li> <li>■ Participation in carbon market</li> <li>■ Shift toward decentralized energy generation</li> </ul>             | Use of new technologies   | Reduction of consumption of oil resources through the development of new technologies   | Decrease in selling and administrative expenses                    | Medium to long term  | Small       | Small            | Small              |
|   |                             |                      |   | Stabilization through dispersion of energy usage                                | Diversification of energy procurement risks through the adoption of new energy (such as hydrogen) and renewable energy  | Decrease in selling and administrative expenses                    | Medium to long term  | Small       | Small            | Small              |