

# Climate-related Risks and Opportunities

	Scenario	Risks/Opportunities	Time Frame	Financial Impact	Response Strategy
4 °C scenario	Increase in frequency/severity of natural disasters	[Physical risk] • Increase in physical damage due to increasingly severe natural disasters	Long-term	<ul style="list-style-type: none"> <li>• Increase in BCP costs</li> <li>• Direct and indirect sales decline and losses incurred due to disasters</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance functions of Emergency Response Headquarters</li> <li>• Automate disaster status assessment</li> <li>• Formulate BCP, conduct ongoing review and improvements</li> <li>• Hold regular drills to verify effectiveness</li> </ul>
	Rise in average temperature	[Physical risk] • Decrease in cooling efficiency of office and vehicle air conditioning systems due to rising temperatures	Long-term	<ul style="list-style-type: none"> <li>• Increase in electricity costs, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance energy conservation initiatives</li> </ul>
		[Physical risk] • Increased risk of infectious diseases and deterioration in working conditions such as under intense sunlight, etc. due to a significant rise in temperatures	Long-term	<ul style="list-style-type: none"> <li>• Decrease in sales/increase in costs due to decline in productivity</li> <li>• Rise in insurance premiums and personnel management costs</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance personnel management capabilities in response to work environment</li> </ul>
1.5~2 °C scenario	Stronger laws, regulations, and societal demands for the realization of a decarbonized society	[Transition risk] • Increasing societal demand for the use of decarbonized resources and renewable energy • Introduction of carbon pricing schemes such as carbon taxes, ETS, etc.	Short- to mid-term	<ul style="list-style-type: none"> <li>• Increase in procurement costs for electricity, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance energy conservation initiatives</li> <li>• Switch to renewable energy sources and low-carbon products</li> <li>• Enhance other initiatives to reduce greenhouse gas emissions</li> </ul>
		[Opportunity] • Provision of temporary staffing/placements and services in environment-related fields	Short- to mid-term	<ul style="list-style-type: none"> <li>• Increase in sales due to growth of temporary staffing/placement and service businesses in environmental-related fields</li> </ul>	<ul style="list-style-type: none"> <li>• See “Initiatives relating to climate related opportunities”</li> </ul>
		[Opportunity] • Investment, provision of know-how, and recruitment support for startups etc. in environment-related fields	Short- to mid-term	<ul style="list-style-type: none"> <li>• Increased return on investment</li> <li>• Increase in sales from provision of services</li> </ul>	<ul style="list-style-type: none"> <li>• See “Initiatives relating to climate related opportunities”</li> </ul>
	Increased environmental awareness among companies and job seekers	[Transition risk] • Reputational damage due to delay in taking action to combat climate change, or regulatory violations	Short- to mid-term	<ul style="list-style-type: none"> <li>• Decline in sales due to customer flight and lost opportunities, etc. from reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>• Set targets for carbon neutrality</li> <li>• Actively disclose information in accordance with TCFD</li> <li>• Enhance initiatives to reduce greenhouse gas emissions</li> </ul>

\*Short-term: Within 5 years; Mid-term: 5 to 10 years; Long-term: 10 years+