

Ryoyo Group Initiatives Based on Climate-Related Risks and Opportunities

Climate-Related Risk/Opportunity	Impact on the Group	Risk Level		Group Initiatives	
		4°C Rise	Under 2°C Rise		
Impacts of the transition to a decarbonized economy					
Risks	Adoption of carbon tax/emissions trading	<ul style="list-style-type: none"> Higher business costs Higher response costs when emission allowances are exceeded 	—	High	<ul style="list-style-type: none"> Optimizing product transport and management Switching to EV and hybrid vehicles Reducing CO2 emissions by adopting remote work and online meetings
	Changes in raw material costs	<ul style="list-style-type: none"> Higher purchasing and transport costs associated with the transition to a low-carbon society 	—	Medium	
	Advancement of low-carbon technologies	<ul style="list-style-type: none"> Higher semiconductor procurement costs due to rising prices for mineral resources 	Low	High	
	Change in reputation among customers	<ul style="list-style-type: none"> Insufficient Group response to climate-related issues could result in lost business or a decrease in sales volume due to declining customer trust 	Low	High	<ul style="list-style-type: none"> Improving efforts to address climate-related issues Ensuring information disclosure on Group websites
	Change in reputation among investors	<ul style="list-style-type: none"> Insufficient disclosure of information on climate-related issues could reduce opportunities for financing from investors and financial institutions 	Low	High	<ul style="list-style-type: none"> Active endorsement of and disclosure to relevant external evaluation organizations such as CDP
	Recycling regulations	<ul style="list-style-type: none"> Greater demand for desktop PC recycling services 	Medium	High	
Opportunities	Renewable energy policies	<ul style="list-style-type: none"> Greater demand for semiconductor products such as energy modules to reduce power loss 	Low	High	<ul style="list-style-type: none"> Developing and selling next-generation power semiconductors and energy modules that help improve energy efficiency in equipment by reducing power loss during power conversion and generation
	Energy conservation policies	<ul style="list-style-type: none"> Greater sales opportunities for semiconductor products that contribute to energy saving in devices such as LEDs 	Medium	High	
Physical effects of climate change					
Risks	More intense extreme weather	<ul style="list-style-type: none"> Lost product sales opportunities due to weather-related closures at customer and supplier facilities, and supply chain disruptions 	High	Medium	<ul style="list-style-type: none"> Increasing remote work and formulating BCP Monitoring disaster readiness in the supply chain
	Drought	<ul style="list-style-type: none"> Lost product sales opportunities due to drought-related delays in semiconductor manufacturing 	High	Medium	<ul style="list-style-type: none"> Encouraging suppliers to enhance their BCP measures
Opportunities	Changing climatic conditions	<ul style="list-style-type: none"> Greater sales opportunities for IoT-related products and semiconductor sensors useful for weather monitoring Greater needs for solutions utilizing new IoT technologies due to the spread of remote-work lifestyles 	High	Medium	<ul style="list-style-type: none"> Developing and selling weather monitoring solutions that use IoT-related products