

# Information disclosure based on TCFD Recommendation

The GEO Group recognizes that climate change is a crucial issue that affects our business, and one that the entire Group is taking proactive measures to address. The Task Force on Climate-related Financial Disclosures (TCFD) has recommended that all companies make disclosures based on four themes: governance, strategy, risk management, and metrics and targets. The GEO Group will disclose climate-related information in line with the four themes of the TCFD recommendations.

## 1. Governance

The Group established a Sustainability Committee in August 2024. The Sustainability Committee has the function of helping realize our corporate philosophy of “To offer joy to your everyday life” and is tasked with advancing the GEO Group’s efforts to help realize a sustainable society.

The Committee is chaired by the GEO Group’s Representative Director/President/Operating Officer/CEO (herein “the President”) and comprises full-time directors, executive directors, and the chairperson. The Sustainability Committee's Action Guidelines stipulate that we give full consideration to the environment and society in order to comply with relevant laws and regulations and conduct sustainable corporate activities, and that we will respect diverse values and promote the creation of a working environment where every person can express their individuality. The Committee functions as a decision-making body for sustainability-related initiatives, and the matters it discusses are submitted for resolution to the Board of Directors.

A Sustainability Subcommittee comprising personnel from each division has also been established as a subordinate organization to discuss important issues pertaining to the environment, society, and governance.

Under this organizational structure, we are pursuing initiatives to find solutions to environmental and social issues in coordination with relevant departments and committees and through the Secretariat headed by the executive director in charge.

## 2. Strategy

To identify climate change-related risks and opportunities that may affect the Group’s fiscal performance, we analyzed two potential climate-related scenarios based on data from the IEA and IPCC: (1) the 1.5°C temperature increase scenario under which progress is made in decarbonizing and (2) the 4°C temperature increase scenario in which global warming progresses.

### Scenario definitions

Target period: Envisioning a global scenario focusing on 2030

Scope: The GEO Group’s major operating companies

GEO HOLDINGS CORPORATION, GEO CORPORATION, GEO STORE CORPORATION,  
2ND STREET CORPORATION, GEO CLEAR CORPORATION,  
OKURA HOLDINGS CORPORATION, OKURA Co.,Ltd.

Reference scenarios: IEA NZE, IPCC RCP1.9, etc. for 1.5°C temperature rise;

IEA STEPS, IPCC RCP8.5, etc. for 4°C temperature rise

## Scenario worldview

### [1.5°C] (Scenario in which progress is made in decarbonizing)

- Increased frequency of torrential rains and floods, albeit to a more moderate extent than in the 4°C scenario
- Significant increase in carbon costs due to implementation of a carbon pricing scheme to achieve a decarbonized society
- Global tightening of regulations on GHG emissions and energy conservation leading to increase in cost of countermeasures associated with the transition
- Increased environmental awareness leading to expansion of the circular economy
- Increased interest in climate action leading to considerable increases in ESG-related investments and financing opportunities

### [4°C] (Scenario in which global warming progresses)

- Significant increase in frequency of torrential rains & floods and amount of precipitation leading to increased costs of responding to major disasters
- Carbon pricing is more restrained than in the 1.5°C scenario but the unit price of fossil fuel-derived energy is increased
- Changes in consumption behaviors due to higher average temperatures leading to decreased sales of winter clothing & appliances
- Changes in consumption behaviors due to higher average temperatures leading to increased e-commerce sales and sales of summer appliances
- Increased interest in climate action is more subdued than in the 1.5°C scenario but opportunities for ESG-related investment and financing increase

Based on the results of this scenario analysis, the GEO Group recognizes the identified risks and opportunities and will pursue the following countermeasures.

In the 1.5°C scenario, we anticipate that greater environmental awareness will lead to expansion of the circular economy and an increased customer base due the dissemination of second-hand goods and ease of purchase. On the other hand, we anticipate that the unit price of energy will rise as the proportion of renewable energies increases in step with the transition toward decarbonization, leading to increased utility costs for individual stores within our store-based business, which in turn may have a significant impact on the Group's finances. We recognize that the 4°C scenario will also have a significant impact on the Group's financial position owing to an increase in the unit price of energy, although we anticipate that it will be more subdued than in the 1.5°C scenario.

In response to these risks of increased utility costs, the Group will pursue appropriate measures by installing equipment and raising awareness to conserve power, such as installing energy-saving equipment including LED lighting, insulated windows, and efficient air conditioning equipment, reviewing the temperature settings of air conditioners, and switching to alternative power sources.

Our analysis of the 1.5°C scenario suggests that proactive environmental initiatives and appropriate information disclosures may have a considerable positive impact on the Group's finances in terms of enhancing our corporate value and enabling preferential financing conditions. We recognize that such initiatives may also have considerable positive impact on our financial position in the 4°C scenario as well, albeit to a lesser extent than the 1.5°C scenario, and that such measures are also important from the perspective of corporate social responsibility (CSR).

Pursuant to this approach, the Group will actively disclose corporate information in line with the ESG information disclosure framework, express support for initiatives that address environmental issues, and obtain third-party assurance for non-financial information and sustainability certifications.

## Climate change-related risks and opportunities anticipated by the Group

Climate change risks and opportunities			Timing	Impact		Countermeasures
				1.5°C	4°C	
Physical risks	Acute	Increase in store repair/refurbishment expenses and inventory damages due to more frequent and severe natural disasters	short-term	Minor	Minor	<ul style="list-style-type: none"> <li>Review and improve disaster prevention measures, such as disaster manuals</li> <li>Procurement of general/non-life insurance</li> </ul>
		Decrease in sales due to store closures and supply chain disruptions caused by more frequent and severe natural disasters	long-term	Minor	Minor	<ul style="list-style-type: none"> <li>Formulate and regularly review BCP for in-house stores, such as responses to POS cash register outages</li> <li>Review and improve disaster prevention measures, such as disaster manuals</li> <li>Procurement of general/non-life insurance</li> <li>Strengthen cooperation with suppliers and other business partners</li> <li>Formulate and regularly review BCP for supply chains</li> </ul>
	Chronic	Increase in energy consumption for air conditioning due to a rise in the average summer temperatures	medium-term	Minor	Minor	<ul style="list-style-type: none"> <li>Introduce energy-saving equipment such as efficient air conditioners and insulated windows</li> <li>Raise awareness about energy conservation by reviewing the temperatures settings of air conditioners</li> </ul>
Transition risks	Policies & regulations	Increase in our store operating costs and delivery costs due to introduction and intensification of carbon taxes and emissions trading scheme	medium-term	Moderate	Minor	<ul style="list-style-type: none"> <li>Promote reduction and recycling of waste materials</li> <li>Select sustainable suppliers implementing environmentally-friendly operations</li> </ul>
		Rising unit energy costs due to changes in power supply mix of electricity companies	medium-term	Major	Major	<ul style="list-style-type: none"> <li>Introduce energy-saving equipment such as LED lighting, insulated windows, and efficient air conditioners</li> <li>Improve awareness of energy conservation such as switching off unused equipment</li> </ul>
	Market	Decrease in sales of winter clothing, home appliances, etc. due to rising average temperatures	long-term	Minor	Minor	<ul style="list-style-type: none"> <li>Analyze seasonal and best-selling products and review product stock volumes and inventory/ordering methods</li> </ul>
Opportunities	Products & services	Expansion of the circular economy and increased customer base due to the dissemination of second-hand goods and ease of purchase resulting from greater environmental awareness	long-term	Moderate	Minor	<ul style="list-style-type: none"> <li>Improve communication about the affinity between our businesses and the circular economy</li> <li>Increase messaging that enhances our brand recognition and brand power as a second-hand goods company</li> <li>Improve efficiency by introducing AI in authenticity checks and appraisals of second-hand goods</li> </ul>
		Increase in sales of specific products (e.g., furniture, home appliances, outdoor goods) and e-commerce due to the rise in average temperatures	long-term	Minor	Minor	<ul style="list-style-type: none"> <li>Analyze seasonal and best-selling products and review product stock volumes and inventory/ordering methods</li> </ul>
		Increased sales of second-hand luxury goods made from rare resources due to increasing scarcity and depletion of resources as a result of climate change	long-term	Minor	Minor	<ul style="list-style-type: none"> <li>Analyze seasonal and best-selling products and review product stock volumes and inventory/ordering methods</li> <li>Improve efficiency by introducing AI in authenticity checks and appraisals of second-hand goods</li> </ul>
	Market	Proactive environmental initiatives, appropriate information disclosure to enhance corporate value and preferential financing	short-term	Major	Minor	<ul style="list-style-type: none"> <li>Proactively disclose corporate information in line with the ESG information disclosure framework</li> <li>Express support for initiatives that address environmental issues</li> <li>Obtain assurance from third-party organizations for non-financial information and acquire sustainability certifications</li> <li>Enhance proactive dialogue with banks and investors</li> </ul>

※Definition of timing: Short-term = up to 2027, medium-term = up to 2030, long-term = 2031 onwards

※Estimation of impact: Classification of minor, moderate, and major impacts is based on a qualitative assessment using external documents from the IEA, IPCC, and other sources, as well as our own data, while also considering quantitative impacts

### 3.Risk management

The GEO Group categorizes sustainability-related risks into physical risks (acute and chronic), transition risks (policies & regulations, markets), and opportunities (products and services, markets), and is analyzing the timing of their onset and the magnitude of their impact.

The Sustainability Subcommittee develops action plans and indicators and monitors the initiatives of each department for the key themes of environment, society, and governance. The Secretariat then summarizes their outputs and findings and presents them to Sustainability Committee. The Sustainability Committee reviews and approves the Subcommittee's action plans and assesses their discussions, progress, and achievements pertaining to the key themes before reporting/submitting their findings to the Board of Directors. The Board of Director then determines the GEO Group's sustainability policy based on the report/submission of the Sustainability Committee.

The OKURA Group (OKURA HOLDINGS CORPORATION and OKURA Co.,Ltd.) and the viviON Group (viviON inc., EISYS, Inc., trisys, Inc., and forcs, Inc.) have bottom-up reporting systems, while the Group's other operating companies have a top-down risk management system to manage risks relating to sustainability.

### 4. Metrics and Targets

As our Group's founding business, our rental business allows customers to rent and return the same media product such as video, music, and comics so that multiple users can enjoy the content without the need to manufacture new media. We therefore consider that the rental business, which our Group has expanded and continues to maintain, has been a fundamental business for a recycling-oriented society even before the recent focus on GHG emissions.

Our "reuse business", which is the GEO Group's core business, also contributes to reducing waste and mitigating environmental impact by delivering unneeded items to those who need them based on our stated mission of promoting the shift from throwaway living. As such, we believe that the reuse business contributes to the reduction of GHG emissions generated by product manufacturing.

Climate change is now regarded as a crucial issue that must be addressed through the concerted efforts of the international community. The Paris Agreement was adopted at the Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC) in 2015 and came into effect in 2016.

The Japanese government has also made clear its intent to move the nation towards a decarbonized society, as signified by its 2020 declaration to make Japan carbon neutral by 2050.

In keeping with the global framework on climate change and the Japanese government's policy for a decarbonized society, the GEO Group is aiming to achieve net zero GHG emissions by the year 2050.

The GEO Group ESG Data: <https://www.geonet.co.jp/english/csr/esg/>

As of August 29,2024  
GEO HOLDINGS CORPORATION