



# Sustainability Activities of the GEO Group

Our company is focused on the reuse business, and believes that advancing that business is the foundation for building a sustainable future.

While effectively utilizing limited resources, we endeavor to create a society where everyone can live life to the fullest, while aiming to realize a recycling-oriented society that leads to the future.

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# Basic Sustainability Policies and Systems

The GEO Group promotes sustainability management by striving to realize a sustainable society through adaptation to change and business growth, while implementing policies specific to areas such as the environment and human rights.

## Basic Sustainability Policy

The GEO Group aims to achieve a sustainable society via business growth and adaptation to change, based on our corporate philosophy of “To offer joy to your everyday life.” By identifying materiality based on this policy, our Group promotes sustainable management by implementing individual policies regarding topics such as the environment and human rights.

### Environmental Policy

[GEO Group Environmental Policy Explained](#)

### Human Rights Policy

[GEO Group Human Rights Policy Explained](#)

## Board of Directors

The GEO Group operates primarily in the reuse business, so with the aim of contributing to a sustainable society within this field, we established a Sustainability Committee in August 2024. The committee is chaired by the Representative Director and President of our company and is comprised of full-time officers and operating officers. It adopts consideration for the environment, society, and respect for diversity, as its fundamental guiding principle. The committee cooperates closely with the Board of Directors to support management’s decision-making by consulting, reporting, and proposing recommendations on important matters related to sustainability management of our Group. In addition, several Sustainability Subcommittees have been established to formulate policies and indicators on environmental, social and governance, and to regularly report on the status of efforts by departments in the company. Moreover, we have established a comprehensive sustainability promotion framework across our entire Group by building systems from both bottom-up and top-down perspectives within our affiliated companies including subsidiaries, enabling flexible management tailored to the Group’s overall risk characteristics.



# Identification of Materiality Issues

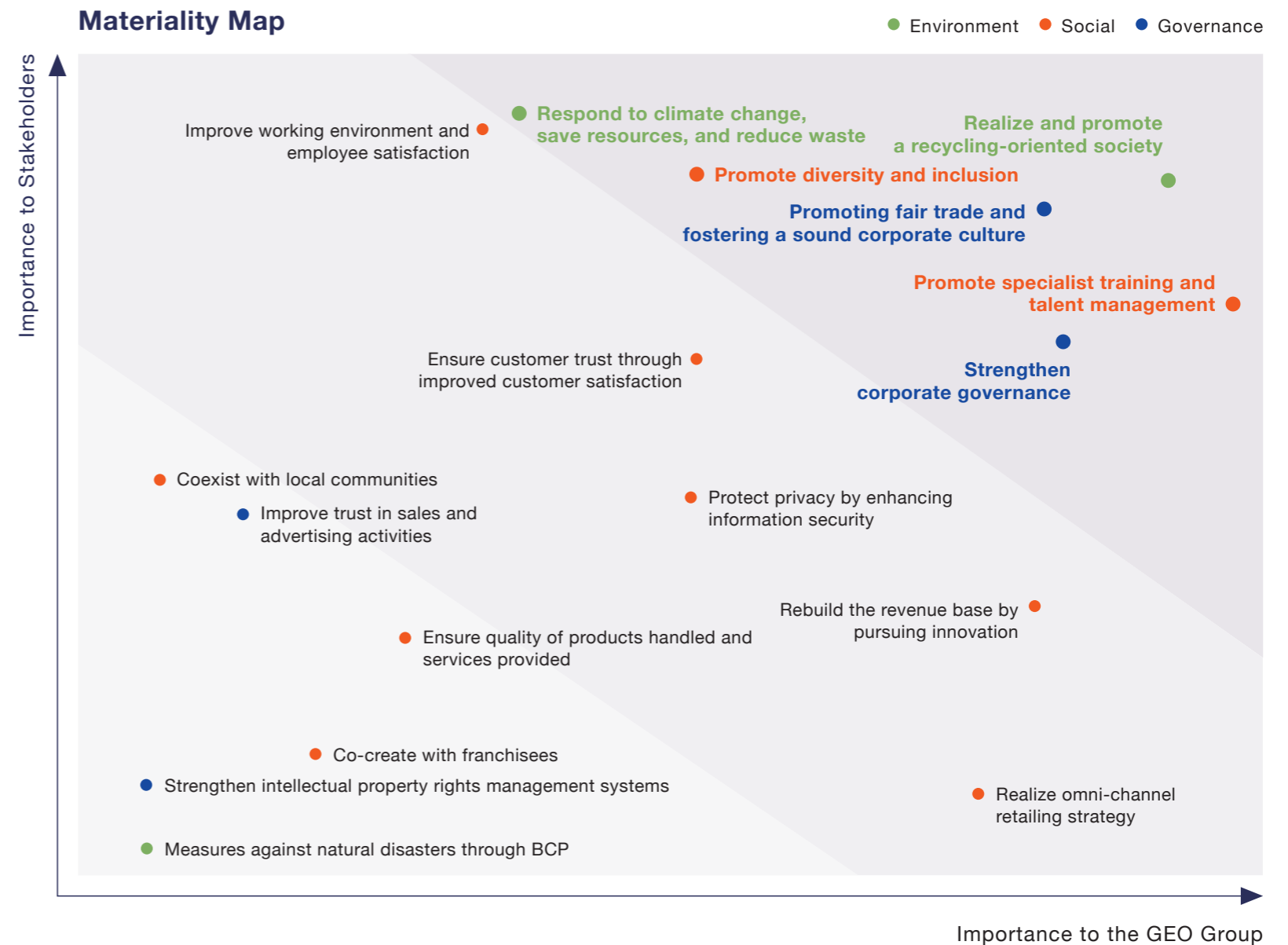
The GEO Group is committed to realizing a sustainable society through a range of recycling-oriented businesses under the theme of “Moving goods from where they are no longer needed to where they are needed.” As social issues and the business environment continue to evolve, we identified 17 ESG-related issues to support long-term value creation and sustainable growth, and from these, selected six as our highest-priority material issues.

## Process for identification of materiality

**Step 1 Extract issues**  
Based on global standards used by ESG rating agencies (MSCI, FTSE, SASB, GRI, etc.), we conducted broad research and benchmarking of potential issues and peer initiatives. Taking into account the opinions of management and key divisions, we compiled a list of candidate issues.

**Step 2 Rank issues in order of priority**  
The Sustainability Information Disclosure Project Team, the heads of key divisions, and management deliberated on the identified potential issues, analyzed them in terms of “importance to stakeholders” and “importance to the GEO Group,” and evaluated their priority levels. This process led to the identification of 17 ESG issues, which were plotted on a materiality map.

**Step 3 Identify materiality**  
The identified 17 ESG issues and map of material issues were deliberated and approved by the Board of Directors and identified as materiality issues for the GEO Group.



## Six top priority issues

**Environment**

- Realize and promote recycling-oriented society
- Respond to climate change, save resources, and reduce waste

**Social**

- Promote diversity and inclusion
- Promote specialist training and talent management

**Governance**

- Promoting fair trade and fostering a sound corporate culture
- Strengthen corporate governance

# Vision and KGI for Top Priority Issues

| Category    | Top Priority Issues                                                 | Definition                                                                                                                                                                                                                                                                                                                                                                                                                          | Opportunities                                                                                                                                                                                                                                                     | Risks                                                                                                                                                                                                                                                                                 | Vision                                                                                                                                                          | KGI (Target fiscal year/Action)                                                                                                                               |
|-------------|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environment | <b>Realize and promote a recycling-oriented society</b>             | We will contribute to building and advancing a recycling-oriented society by moving goods from where they are no longer needed to where they are needed, through the development of various services and the provision of venues, both in Japan and overseas.                                                                                                                                                                       | <ul style="list-style-type: none"> <li>● Growing need to accommodate a recycling-oriented society</li> <li>● Increased funding from ESG investors</li> <li>● Competitive differentiation</li> <li>● Enhanced social recognition and corporate branding</li> </ul> | <ul style="list-style-type: none"> <li>● Decline in consumer trust</li> <li>● Delayed response to growth opportunities</li> <li>● Loss of competitiveness due to delayed response</li> </ul>                                                                                          | Identify new value to bring joy to the everyday lives of our customers through recycling                                                                        | 2035<br>Consolidated group sales*<br><b>¥1 trillion</b>                                                                                                       |
|             | <b>Respond to climate change, save resources, and reduce waste</b>  | In order to address a sustainable society, we will promote efforts to reduce environmental impact based on the belief that efforts to address climate change, efficient energy consumption, resource conservation, and waste reduction are essential.                                                                                                                                                                               | <ul style="list-style-type: none"> <li>● Gain customer trust and enhance brand power</li> <li>● Cost reduction through energy and water conservation</li> <li>● Increased investor interest</li> </ul>                                                            | <ul style="list-style-type: none"> <li>● Increased costs due to stricter environmental regulations, etc.</li> <li>● Declining trust due to delayed response to environmental issues</li> <li>● Loss of competitiveness in the future</li> <li>● Declining market valuation</li> </ul> | Achieve a sustainable society by reducing environmental impact                                                                                                  | 2035<br>GHG reduction due to business activities<br><b>102,649</b><br>t-CO <sub>2e</sub>                                                                      |
| Social      | <b>Promoting diversity and inclusion</b>                            | Aiming to sustainably grow along with our employees, we will strive to be a company that embraces the diverse values of all individuals regardless of race, gender, age, place of origin, disability, sexual orientation, educational background, or religion.                                                                                                                                                                      | <ul style="list-style-type: none"> <li>● Increasing opportunities to attract diverse and talented individuals</li> <li>● Creation of innovation through diversity</li> </ul>                                                                                      | <ul style="list-style-type: none"> <li>● Slow growth due to lack of diversity</li> <li>● Increasing competition and labor costs in the talent acquisition market</li> <li>● Increased reputation risk</li> <li>● Business stagnation due to internal division</li> </ul>              | Recognize the diverse values of diverse people to create a corporation where individuals can work without discrimination.                                       | Every year<br><b>Improve employee engagement score</b><br><small>(Due to planned system migration, item settings will be configured after the change)</small> |
|             | <b>Promote specialist training and talent management</b>            | In order to develop human resources who can contribute to our growth strategy while advancing our group's evolution, we will conduct in-house and outsourced training according to individual career paths.                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>● Increase productivity through investment in talented people</li> <li>● Improvement of recruitment and retention rates of excellent human resources</li> </ul>                                                            | <ul style="list-style-type: none"> <li>● Slow growth due to lack of human resources</li> <li>● Increasing competition and labor costs in the talent acquisition market</li> </ul>                                                                                                     | Achieve continuous growth for individuals and organizations with specialist employee development via education and training both inside and outside the company | 2030<br>Number of specialists<br><b>Increase by 200</b><br><small>(Compared to FY2023)</small>                                                                |
| Governance  | <b>Promoting fair trade and fostering a sound corporate culture</b> | In our corporate activities, we respect the fundamental human rights of customers, employees, and others, and treat them fairly and equitably. In our relationships with stakeholders, we will comply with relevant laws and regulations, rigorously enforce compliance, and strive to maintain a fair trading environment.                                                                                                         | <ul style="list-style-type: none"> <li>● Stable sales and operations</li> <li>● Improvement of corporate brand</li> <li>● Earning customer trust through legal compliance</li> </ul>                                                                              | <ul style="list-style-type: none"> <li>● Damage to credibility due to legal violations</li> <li>● Declining reputation</li> </ul>                                                                                                                                                     | Achieve a trusted GEO Group by conducting business fairly and ensuring compliance                                                                               | Every year<br>Compliance with laws and internal regulations for all corporations<br><b>Administrative sanctions</b><br><b>0 cases</b>                         |
|             | <b>Strengthen corporate governance</b>                              | We will promote the further strengthening of governance systems by introducing measures such as developing managerial skill sets, ensuring diversity (knowledge, abilities, race, gender, age, etc.), and verifying the effectiveness of the Board of Directors, with the principle of improving management soundness, transparency and efficiency, and to increase mid- to long-term corporate value as well as shareholder value. | <ul style="list-style-type: none"> <li>● Strengthen stakeholder relations through improved transparency</li> <li>● Increased funding from ESG investors</li> </ul>                                                                                                | <ul style="list-style-type: none"> <li>● Increased cost of response</li> <li>● Damage to credibility due to legal violations</li> </ul>                                                                                                                                               | Establish corporate governance that is highly diverse, sound, transparent, and efficient, in order to maximize our corporate value                              | Every year<br>Effectiveness evaluation of Board of Directors and related agencies<br><b>100 %</b><br><b>implementation rate</b>                               |

\*Only viviON Group regards GMV (Gross Merchandise Value of distribution transactions) as net sales.

# Information Disclosure Based on TCFD Recommendations

## 1 Governance

The Group established a Sustainability Committee in August 2024. This Committee is comprised of full-time officers, operating officers, and personnel appointed by the President and Representative Director who acts as the chairperson. It serves as a decision-making body for sustainability efforts, and the matters discussed are presented to the Board of Directors and resolved. In addition, as a subordinate organization, a Sustainability Subcommittee consisting of personnel from each department is established to discuss important issues for the environment, society, and governance.

## 2 Strategy

In order to identify climate change risks and opportunities that affect our Group's finances, we conducted two scenario analyses of 1.5°C (a scenario where decarbonization has advanced) and 4°C (a scenario where global warming has advanced) based on data from the IEA, IPCC and other sources.

The identification and future response measures for the identified risks and opportunities are as described in "Climate change-related risks and opportunities anticipated by the Group."

| Defining Scenarios        |                                                                                                                                                                                                                  |                                                                             |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <b>Target Period</b>      | Envisioning a world centered around 2030                                                                                                                                                                         |                                                                             |
| <b>Scope</b>              | The company and major companies within the Group<br>GEO HOLDINGS CORPORATION, GEO CORPORATION, GEO STORE CORPORATION, GEO CLEAR CORPORATION, 2ND STREET CORPORATION, OKURA HOLDINGS CORPORATION, OKURA Co., Ltd. |                                                                             |
| <b>Reference Scenario</b> | <u>1.5°C</u>                                                                                                                                                                                                     | Scenario where decarbonization has advanced<br>IEA NZE, IPCC RCP 1.9, etc.  |
|                           | <u>4°C</u>                                                                                                                                                                                                       | Scenario where global warming has advanced<br>IEA STEPS, IPCC RCP 8.5, etc. |

## 3 Risk Management

Our Group classifies sustainability-related risks into physical risks, transition risks, and opportunities, analyzing their timing and magnitude of impact. The Sustainability Committee, which monitors the efforts of each department and oversees these activities, will discuss important issues and evaluate progress and achievements. Finally, the Board of Directors resolves the sustainability policy based on the report from the committee.

## 4 Metrics and Targets

Climate change is now considered an important issue for the international community to address immediately, and the Paris Agreement was adopted at COP21 in 2015. The Japanese government has also committed to carbon neutrality by 2050, clarifying its move toward a decarbonized society. Based on the global climate change framework and the policy of a decarbonized society presented by the Japanese government, the Group aims to achieve net zero emissions by 2050.

The GEO Group recognizes climate change as a critical issue that significantly impacts its business operations. Based on recommendations from the TCFD (Task Force on Climate-related Financial Disclosures), the company discloses information on climate-related risks and opportunities aligned with four key areas: Governance, Strategy, Risk Management, and Metrics and Targets. Read [here](#) for the "Information disclosure based on TCFD Recommendations" in its entirety.

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

| Climate change risks and opportunities |                        | Timing                                                                                                                                                                       | Impact at 1.5°C | Impact at 4°C | Countermeasures |                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Physical risks                         | Acute                  | Increase in store repair/refurbishment expenses and inventory damages due to more frequent and severe natural disasters                                                      | Long-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>                                                                                                                                                                                                                                                          |
|                                        | Chronic                | 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>                                                                                                                                                                                                                                             |
|                                        | Market                 | 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>                                                                                                                                                                                                                                                                            |
| Opportunity                            | Products & Services    | Expansion of the circular economy and increased customer base due 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>Strengthening the dissemination of information leading to the improvement of publicity and brand power as a reuse company</li> <li>Increase efficiency by introducing AI for authenticity verification and appraisal of recycled goods</li> </ul>                                              |
|                                        | Products & Services    | Increase sales of specific products (furniture, home appliances, outdoor gear, etc.) and e-commerce due to rising 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>                                                                                                                                                                                                                                                                            |
|                                        | Products & Services    | 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>Increase efficiency by introducing AI for authenticity verification and appraisal of recycled 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>             |

\*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

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

# GHG Emissions from Our Business Activities

## GHG Emissions Trend (Target)



\*1 Ratio of reduction to Scope 1 + 2 emissions in main domestic businesses  
 Scope1 : Calculated based on emission coefficients for different fuel types released by the Ministry of the Environment according to the amount of gasoline and diesel oil purchased by GEO HOLDINGS CORPORATION in billing statements  
 Scope2 : Calculated based on data from sites where electricity consumption can be calculated (including stores, offices, and warehouses)  
 \*2 Total emissions of GEO HOLDINGS CORPORATION and its consolidated and non-consolidated subsidiaries  
 Net Zero: The state where there is a balance between man-made GHG emission and removal, resulting in virtually zero GHG emissions released to the atmosphere

The GEO Group sees climate change as an important management issue, disclosing GHG (greenhouse gas) emissions performance, and working to balance business activities with reduced emissions. Specifically, the group aims to achieve net-zero GHG emissions by FY2050 by promoting the circulation of goods to reduce waste, striving to realize a recycling-oriented society as well as addressing climate change.

## GHG emissions from our business activities

(Unit: t-CO2e)

|        |                                                                         | FY2022  | FY2023    | FY2024    |
|--------|-------------------------------------------------------------------------|---------|-----------|-----------|
| Scope1 |                                                                         | 1,543   | 1,465     | 1,772     |
| Scope2 | Market-base                                                             | 64,601  | 63,743    | 74,636    |
|        | Location-base                                                           | 63,274  | 63,919    | 68,715    |
| Scope3 |                                                                         | 910,024 | 963,976   | 3,586,079 |
|        | 1. Purchased goods and services                                         | 791,812 | 830,767   | 946,595   |
|        | 2. Capital goods                                                        | 18,052  | 20,149    | 40,708    |
|        | 3. Fuel- and energy-related activities not included in Scope1 or Scope2 | 10,274  | 10,274    | 11,375    |
|        | 4. Upstream transport and delivery                                      | 11,112  | 13,111    | 15,081    |
|        | 5. Waste generated in operations                                        | 5,259   | 5,491     | 6,800     |
|        | 6. Business travel                                                      | 347     | 460       | 820       |
|        | 7. Employee commuting                                                   | 7,554   | 8,564     | 9,389     |
|        | 8. Leased assets (upstream)                                             | -       | -         | 966       |
|        | 9. Downstream transportation and delivery                               | -       | -         | -         |
|        | 10. Processing of sold products                                         | -       | -         | -         |
|        | 11. Use of sold products                                                | -       | -         | 2,461,784 |
|        | 12. End-of-life treatment of sold products                              | 65,615  | 75,161    | 88,478    |
|        | 13. Leased assets (downstream)                                          | -       | -         | -         |
|        | 14. Franchises                                                          | -       | -         | 3,975     |
|        | 15. Investments                                                         | -       | -         | 108       |
| Total  | Market-base                                                             | 976,168 | 1,029,184 | 3,662,488 |
|        | Location-base                                                           | 974,841 | 1,029,360 | 3,656,566 |

\*GHG emissions for Scope 1 through 3 are calculated in accordance with the "Supply Chain Emissions Calculation Guidelines" established by the Ministry of the Environment. Please refer to [our corporate site](#) for details such as the scope of calculation. (Unit: t-CO2e)

# Environmental Initiatives

## The company's key initiatives

### 1 Utilizing Renewable Energy via PPAs\*

Since 2024, our company has introduced off-site PPAs that generate and supply electricity from facilities outside the site, and on-site PPAs that generate and supply local power at the operator's expense. We will continue to expand adoption of renewable energy and work to reduce CO<sub>2</sub> emissions.



\*PPA (Power Purchase Agreement) : A contract arrangement whereby companies and other entities purchase electricity generated from renewable energy sources such as solar, wind, and geothermal power directly from producers.

### 2 Adopting Energy-Saving Equipment/ Reducing Power Consumption

Our company has adopted environmentally-friendly LED lighting. By performing detailed temperature control and adopting efficient air conditioning equipment at some of our stores, we also strive to reduce CO<sub>2</sub> emissions via energy-saving.

### 3 Paperless Operation at Our Stores

At our cash registers, we have adopted tablet devices to eliminate the need for paper receipts when making purchases. This enables us to save paper and make our work more efficient.

### 4 Installing EV Chargers

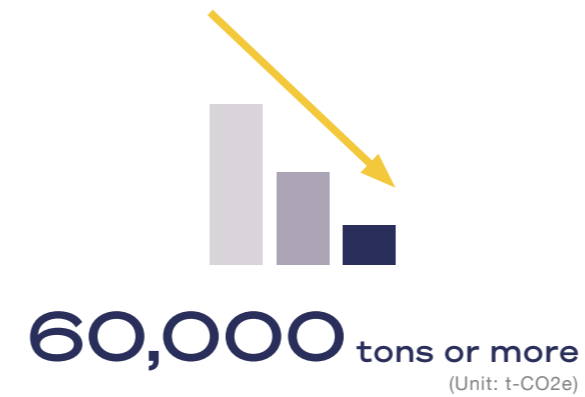
We have installed EV chargers for electric vehicles and hybrid vehicles at some of our stores. By installing EV charging infrastructure, we contribute to reducing GHG emissions, while providing our customers with extra services and improved convenience.



The GEO Group has generated an annual GHG reduction of more than 60,000 tons in its FY2024 results through its reuse and off-price retailing projects. In addition to reducing waste and CO<sub>2</sub> by circulating about 100 million pieces of merchandise annually, we are also implementing efforts to realize a sustainable society in the fields of energy efficiency, overseas business, and local activities. The company pursues projects that will lead to a better future, and will continue to address environmental issues such as climate change.

## Reduction of GHG through domestic reuse projects

### Amount of GHG reduction



### Annual circulation of merchandise



(Unit: t-CO<sub>2</sub>e)

|                                                             |                          | FY2022        | FY2023        | FY2024        |
|-------------------------------------------------------------|--------------------------|---------------|---------------|---------------|
| Amount of GHG reduction through the reuse business in Japan | Home appliances          | 14,155        | 15,772        | <b>19,046</b> |
|                                                             | Clothing and Accessories | 19,416        | 22,639        | <b>26,858</b> |
|                                                             | Furniture                | 3,280         | 3,458         | <b>3,837</b>  |
|                                                             | Game-related equipment   | 1,634         | 1,685         | <b>1,659</b>  |
|                                                             | General goods            | 2,643         | 2,674         | <b>3,121</b>  |
|                                                             | Kids' products           | 1,763         | 2,054         | <b>2,480</b>  |
|                                                             | DVD/CD                   | 1,097         | 1,023         | <b>1,008</b>  |
|                                                             | Hobby products           | 1,067         | 1,178         | <b>1,439</b>  |
| Others                                                      | 1,263                    | 1,404         | <b>1,664</b>  |               |
| <b>Total</b>                                                |                          | <b>46,318</b> | <b>51,886</b> | <b>61,113</b> |

\*Calculated from GEO Group sales data based on data (IDEA) provided by the National Institute of Advanced Industrial Science and Technology (AIST)