

Information Disclosure Based on TCFD Recommendations

(June 17, 2026)

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1 Policy and Basic Approach to Climate Change

Climate change is one of the most important issues affecting the global economy, society, and environment, and is already having tangible impacts on business activities and people's lives through the increasing frequency and severity of extreme weather events. As policies, regulations, and market structures shift toward decarbonization in countries and regions around the world, companies are expected to address climate change strategically and systematically as a medium- to long-term management issue. The Paris Agreement aims to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. The Inabata Group will continue to address climate change in alignment with this international goal.

The Inabata Group fully recognizes the impact of climate change on the business environment and society as a whole, as well as the importance of responding to it. In its Sustainability Basic Policy and Code of Conduct and Declaration of Compliance, the Group states its commitment to contributing to the conservation of the global environment through its business activities. The materiality identified in 2022 includes "contributing to a decarbonized and circular society," and the Group positions climate change as one of its key management issues. To translate this approach into concrete action, the Group formulated the Sustainability Medium-term Plan 2026 in 2024, setting out its desired future state and specific targets for key themes including climate change, and is implementing measures in a planned manner.

Climate change represents business risks for the Group, including physical and transition risks, while also creating new business opportunities associated with the progress of decarbonization. The Group seeks to reduce GHG emissions from its own business activities and to achieve both solutions to social issues and business growth by providing products and solutions that contribute to the realization of a decarbonized society.

Based on the concepts set out by the Task Force on Climate-related Financial Disclosures (TCFD), and taking into account trends in sustainability disclosure in Japan and overseas, the Group identifies and analyzes the impact of climate change on its business and finances from the perspectives of both risks and opportunities. Going forward, we will continue to enhance and advance our climate-related disclosures in light of trends in international disclosure standards, and strive to improve corporate value sustainably through constructive dialogue with stakeholders.

2 TCFD's Core Elements of Recommended Climate-related Financial Disclosures and a Summary of Responses by the Inabata Group

Core elements	Description	Inabata Group response	Relevant section
Governance	Disclose the organization's governance around climate-related risks and opportunities.	Sustainability issues, including climate change, are deliberated and examined by the Sustainability Committee, which is chaired by the President and Representative Director. All directors participate in the committee, thereby enabling the Board of Directors to exercise its oversight function through the committee. The Board of Directors receives periodic reports from the director in charge of sustainability on the status of initiatives addressing sustainability issues, in accordance with the Regulations of the Board of Directors. Matters deliberated and examined by the Sustainability Committee are also appropriately reported to and overseen by the Board of Directors.	Section 3
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Based on scenario analysis using multiple scenarios, including 1.5°C and 4°C scenarios, the Group evaluates the impact of climate change on its business and finances from the perspectives of both risks and opportunities. Under the 4°C scenario, the Group's locations in Japan and overseas are assumed to be affected by increasingly severe extreme weather events. However, at present, we recognize that the risk is not at a level that would significantly threaten business continuity. In terms of opportunities, demand for products adapted to climate change is expected to increase, and we assess that the Group's business resilience can be maintained. Under the 1.5°C scenario, an increase in operating costs due to carbon pricing and higher electricity prices is assumed, while medium- to long-term revenue opportunities are expected through the expansion of technologies and products that contribute to low-carbon and environmentally friendly solutions. Based on these findings, we position the expansion of environment-related business and contribution to the global environment through business as important growth strategies in the progress toward a decarbonized society.	Section 4
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks.	The Inabata Group identifies, assesses, and manages climate-related risks and opportunities mainly through the Sustainability Committee. Risks and opportunities identified from both qualitative and quantitative perspectives based on scenario analysis and other methods are assessed for materiality by the committee and reported to and overseen by the Board of Directors as necessary.	Section 5

		The Board of Directors oversees Group-wide risks of high importance in an integrated manner, taking into account reports from the Sustainability Committee as well as other risks reported by the Risk Management Office, the Financial Management Office, the Compliance Committee, and other units.	
Metrics and Targets	Disclose the metrics and targets used to assess and manage climate-related risks and opportunities.	The Inabata Group has set the long-term target of achieving carbon neutrality by FY2050, covering Scope 1 and Scope 2 emissions of the consolidated Group, in alignment with the 1.5°C goal of the Paris Agreement. In the Sustainability Medium-term Plan 2026, the Group has also set medium-term targets of reducing GHG emissions by 25% by FY2026 and 42% by FY2030 compared with FY2022 levels, covering Scope 1 and Scope 2 emissions of the consolidated Group, and manages progress toward these targets. Since FY2021, the Group has calculated Scope 3 emissions in order to understand emissions across the entire supply chain, and plans to expand the scope of calculation in stages going forward.	Section 6

3 Governance

3.1 Overall Governance Structure

The Group positions sustainability issues as important management issues and has established a structure to address them systematically and continuously under management oversight.

Overview of governance structure

Function	Responsible body	Main role
Oversight function	Board of Directors	Oversight of the status of responses to sustainability issues
Implementation function	Sustainability Committee	Deliberation, approval, and monitoring of policies and measures
Planning, implementation, information gathering, and analysis functions	Sustainability Promotion Department and relevant divisions	Planning and execution of measures, information gathering and analysis, and Group-wide deployment

3.2 Implementation Structure through the Sustainability Committee

In October 2021, the Group established the Sustainability Committee, chaired by the President and Representative Director, to promote Group-wide initiatives addressing sustainability issues. All directors participate in the committee, thereby enabling the Board of Directors to exercise its oversight function through the committee.

Composition and operation of the committee

Chairperson	Director, President
Vice-chairperson	Director, Senior Managing Executive Officer in charge of sustainability
Members	● One Director, Senior Managing Executive Officer and two Managing Executive Officers in charge of sales divisions (3 members in total) ● Three Executive Officers and three heads of administrative offices (6 members in total)
Observers	● Independent directors (7 members) ● Non-executive directors (2 members)
Frequency	At least once a year in principle, with extraordinary meetings held as necessary; currently held twice a year
Key matters discussed	● Sustainability policies and key initiatives ● Progress on responses to materiality ● Review and monitoring of progress on key issues, including climate change

3.3 Oversight by the Board of Directors

In accordance with the Regulations of the Board of Directors, the Board of Directors receives reports from the director in charge of sustainability at least once a year on the status of initiatives addressing sustainability issues, including climate change. In addition, the Board receives quarterly reports on the status of sustainability initiatives through business execution reports. Matters deliberated and examined by the Sustainability Committee are also reported to the Board through these processes and are subject to its oversight.

Through this mechanism, the Group ensures the effectiveness of its sustainability response in conjunction with its management strategy.

3.4 Effectiveness through Linkage with Remuneration Systems

Because the Company positions its response to sustainability as an important management issue, it incorporates sustainability-related indicators into director remuneration systems to enhance the effectiveness of initiatives.

Linkage with director remuneration

Indicators for performance-linked remuneration ¹	ESG scores by multiple external evaluation organizations (FTSE Russell and MSCI)
Indicator for calculating the performance coefficient for the Board Benefit Trust (BBT) ²	Group engagement survey achievement rate

Notes:

¹ Performance-linked remuneration is calculated by multiplying position-specific fixed remuneration by a coefficient based on profit before income taxes (excluding gain on sale of investment securities), capital profitability (ROIC and ROE), stock price, and ESG scores by multiple external evaluation organizations (FTSE Russell and MSCI).

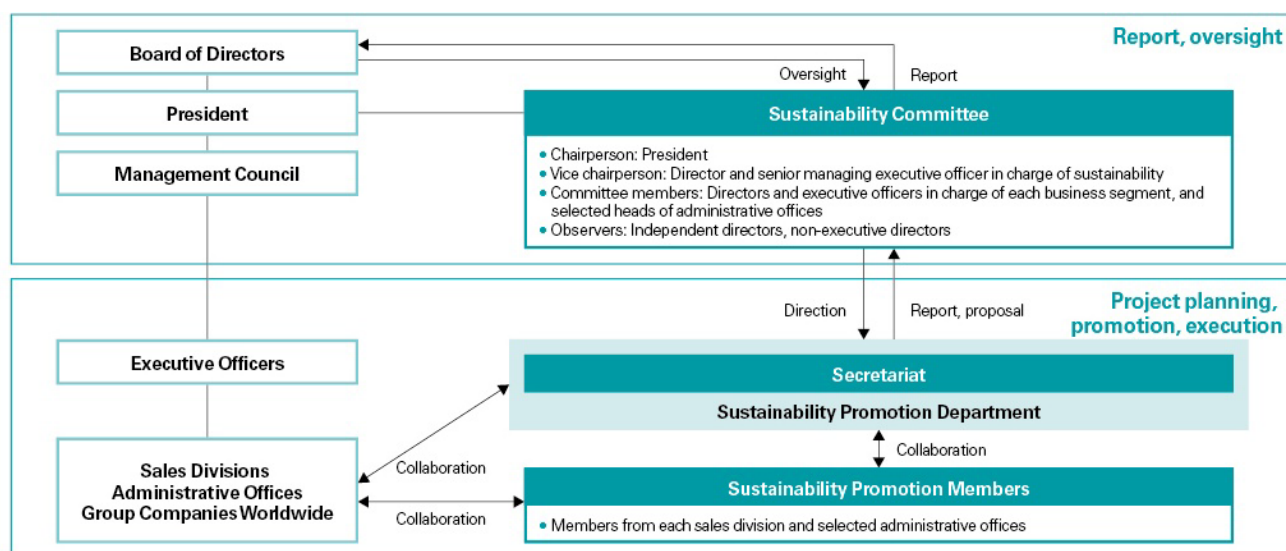
² Points bestowed for the fiscal year are determined by adding service points, which are fixed at 50% of the base points specified for each position, and performance points, which are calculated by multiplying service points by the performance coefficient. The performance coefficient is determined by the consolidated operating profit target achievement rate and the Group engagement survey achievement rate. The consolidated operating profit target achievement rate refers to results compared with the target publicly announced in the medium-term management plan. The Group engagement survey achievement rate refers to the achievement rate compared with the average KPI for employee engagement surveys defined in the Sustainability Medium-term Plan.

3.5 Implementation and Operating Structure

Matters resolved by the Sustainability Committee are implemented and operated through collaboration between the dedicated Sustainability Promotion Department and the Sustainability Committee Secretariat, which consists of members from major administrative divisions.

The Sustainability Promotion Department also compiles Group-wide sustainability-related information together with Sustainability Promotion Members from each sales division and major administrative divisions, and provides this information to the committee to support effective discussions and decision-making.

Sustainability promotion system



Main sustainability-related matters discussed by the Sustainability Committee and reported to the Board of Directors

FY2021	Establishment of the Sustainability Basic Policy and Code of Conduct; establishment of the Human Rights Policy
FY2022	Participation in the United Nations Global Compact; identification of materiality; Carbon Neutrality Declaration 2050; information disclosure in accordance with TCFD recommendations; status of external ESG evaluations; Calculation of GHG emissions (Scopes 1, 2, and 3); progress on TCFD scenario analysis; Progress on human rights due diligence
FY2023	Endorsement of TCFD and the TCFD Consortium; information disclosure based on TCFD recommendations; calculation of GHG emissions (Scopes 1, 2, and 3); progress on human rights due diligence
FY2024	Formulation of the Sustainability Medium-term Plan 2026; Carbon Neutrality Transition Plan; Status of external ESG evaluations (FTSE, MSCI, etc.); revision of the Human Rights Policy and establishment of the Sustainable Supply Chain Policy; FY2023 results against the Sustainability Medium-term Plan 2026; plan to purchase renewable energy certificates
FY2025	FY2024 results against the Sustainability Medium-term Plan 2026; on-site human rights due diligence survey in Vietnam; status of external ESG evaluations (FTSE, MSCI, etc.); current status of consolidated Group GHG emissions; effective shift to renewable energy at the Company and domestic Group companies; obtaining third-party assurance for GHG emissions; purchase of renewable energy certificates by overseas Group companies; monitoring of products with potential human rights risks; plan for human rights risk surveys

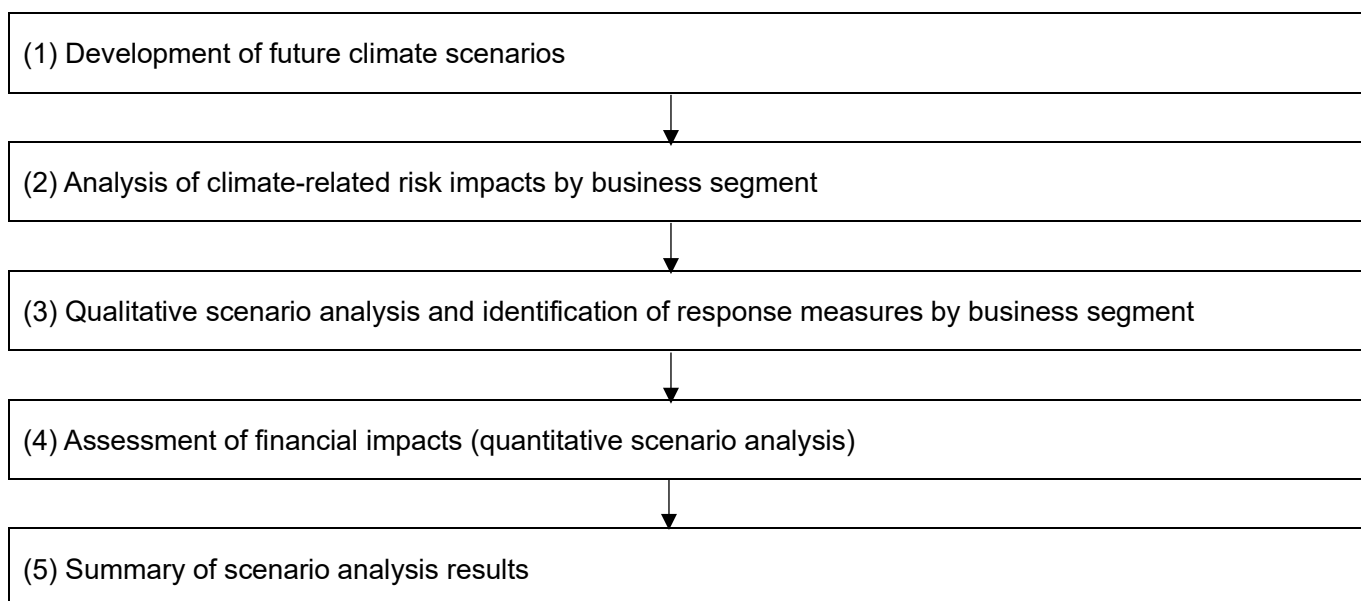
4 Strategy

The Inabata Group strives to understand the risks and opportunities for its business arising from the transition risks and physical risks associated with climate change, and to reflect the results in the formulation of climate change countermeasures and business strategies.

In this analysis, we set 2030, the target year of the Group's long-term vision IK Vision 2030, and 2050, the target year for achieving carbon neutrality, as time horizons. We conducted scenario analysis from both qualitative and quantitative perspectives with reference to the 4°C scenario, which assumes no climate change measures beyond the current level and more frequent and severe extreme weather events, and the 1.5°C scenario, which assumes the implementation of more ambitious climate change measures toward decarbonization, partially incorporating the 2°C scenario as necessary.

Reference scenarios		
1.5°C scenario	IEA Net Zero Emissions by 2050	
2°C scenario (partial)	IEA Sustainable Development Scenario	RCP2.6
4°C scenario	IEA Stated Policies Scenario	RCP8.5

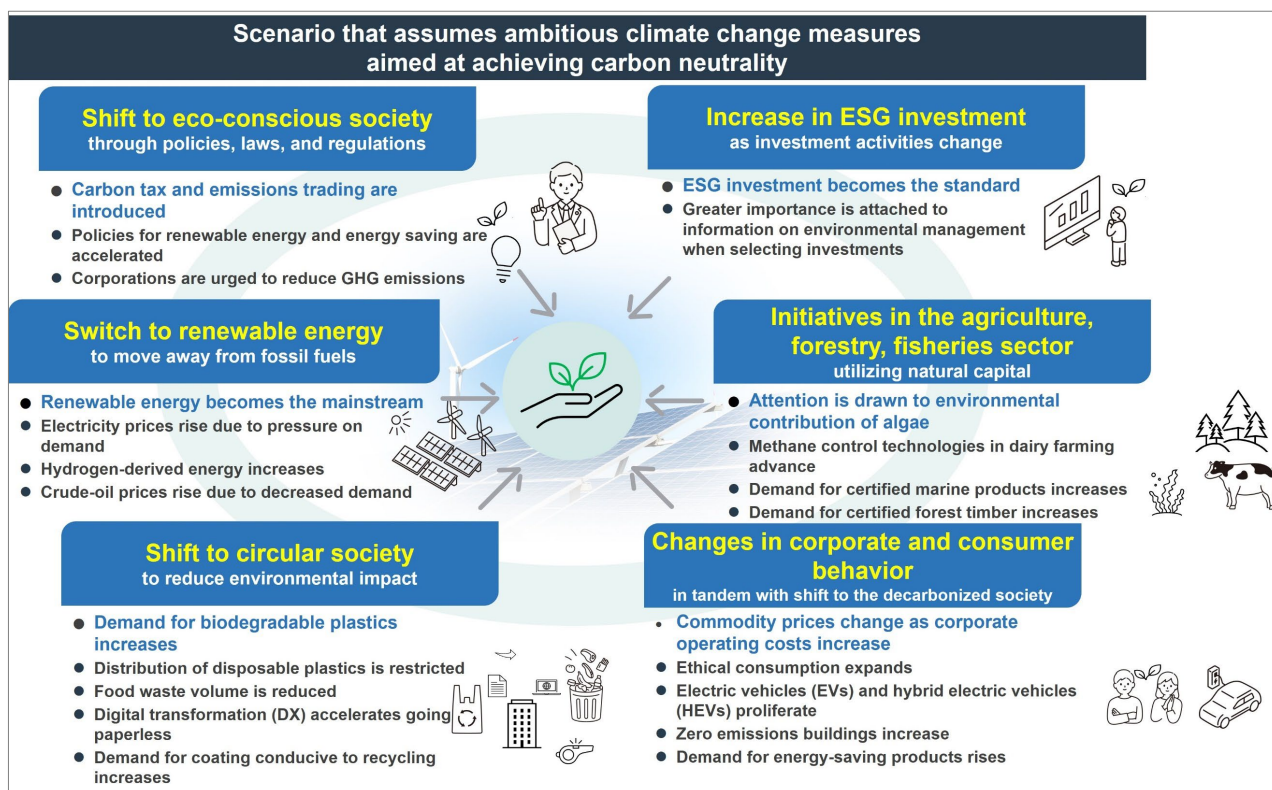
Scenario analysis was conducted using the following process.



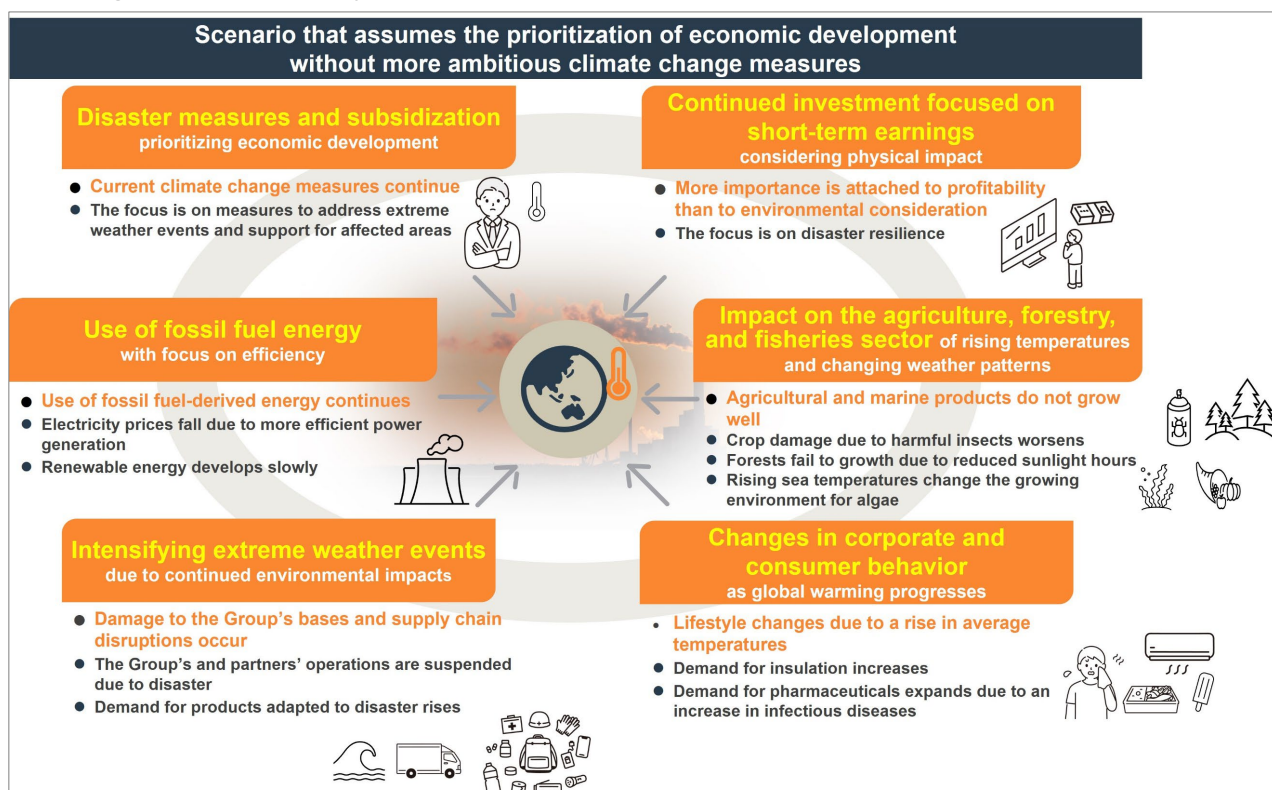
4.1 Development of Future Climate Scenarios

Before conducting qualitative and quantitative analysis, we first visualized the future world. Based on the above scenarios, we prepared images of future society under the 1.5°C and 4°C scenarios, as shown below.

➤ Image of future society under the 1.5°C scenario



➤ Image of future society under the 4°C scenario



4.2 Analysis of Climate-related Risk Impacts by Business Segment

Next, assuming the 1.5°C and 4°C scenarios, we examined the scale of the impact that climate change risks could have on the Group's four business segments: Information & Electronics, Chemicals, Life Industry, and Plastics. Under the 1.5°C scenario, we mainly evaluated the impact of transition risks, while under the 4°C scenario, we mainly evaluated the impact of physical risks.

Because each segment differs significantly in terms of the products it handles, sales markets, and supply chain structure, the nature and degree of impact of climate change risks also vary. Accordingly, the following summarizes the main risks assumed for each segment and their degree of impact.

◎: Significant impact ○: Impact
△: Minor impact ×: No direct impact expected

1.5°C		Information & Electronics	Chemicals	Life Industry	Plastics
		Display components, semiconductor materials, internet of things (IoT) products, etc.	Functional chemicals, coating materials, construction materials, etc.	Pharmaceuticals, home products, agricultural products, processed marine products, etc.	Plastic compounds, film, sheets, etc.
Policies and regulations	Introduction of carbon pricing	○	○	○	○
	Plastics regulations	○	△	△	◎
	Recycling regulations	○	◎	○	◎
	Regulations on use of renewable energy	◎	○	△	○
	Energy-saving regulations	◎	△	△	△
Tech	Diffusion of renewable energy technologies	◎	△	×	×
	Diffusion of low-carbon technologies	◎	◎	△	○
Market	Change in energy costs	△	△	△	△
	Change in raw materials costs	○	○	○	◎
	Change in demand for important products	◎	○	○	◎
	Change in customer behavior	○	○	○	○
Reputation	Change in the Group's reputation among customers	○	○	○	○
	Change in the Group's reputation among investors	△	△	△	△

4°C		Information & Electronics	Chemicals	Life Industry	Plastics
		Display components, semiconductor materials, IoT products, etc.	Functional chemicals, coating materials, construction materials, etc.	Pharmaceuticals, home products, agricultural products, processed marine products, etc.	Plastic compounds, film, sheets, etc.
Acute problem	Intensifying extreme weather events	○	○	○	◎
Chronic problems	Rise in average temperatures	△	○	◎	○
	Changes in rainfall and weather patterns	△	○	○	△
	Decline in biodiversity	×	×	○	×
	Poor growth of raw materials	×	○	○	×
	Changing ocean environment	×	×	○	△
	Proliferation of harmful insects	×	△	○	△
	Increase in infectious diseases	×	×	◎	△
Reputation	Change in the Group's reputation among customers	○	○	○	○
	Change in the Group's reputation among investors	△	△	△	△

4.3 Qualitative Scenario Analysis and Identification of Response Measures by Business Segment

We then conducted qualitative scenario analysis for each business segment. Based on the reference scenarios and the analysis organized in steps (1) and (2), we analyzed the assumed business environment, main risks, and main opportunities under each of the 1.5°C and 4°C scenarios. We also identified future responses to address risks and capture opportunities.

The Group's four business segments—Information & Electronics, Chemicals, Life Industry, and Plastics—develop diverse business models by combining ancillary functions tailored to customer needs, while trading remains their core function. Their markets and supply chain structures also differ by segment. We therefore recognize that they share certain common risks and opportunities related to climate change, while also facing segment-specific risks and opportunities.

➤ 1.5°C scenario

	Information & Electronics	Chemicals	Life Industry	Plastics
Projected business environment	Green transformation (GX) and eco-friendly products will progress in a wide range of fields. In particular, advances in renewable energy and energy-saving technologies, including electrified vehicles (xEVs) and hydrogen technology, will lead to significant market expansion.	GX and eco-friendly products will progress in a wide range of fields, resulting in increased demand for new products and technologies.	Local production for local consumption will be more needed to reduce GHG emissions from transport. Laws and regulations will be adopted to reduce food loss and waste. GHG emissions from livestock will be deemed problematic. Poor growth and insufficient yields of agricultural and marine products will occur due to changing weather patterns.	The distribution volume of plastics derived from fossil fuels will be regulated from an eco-friendly perspective. There will be a gradual shift to biomass or recycled plastics (post-consumer, post-industrial, and chemically recycled plastics) and biodegradable plastics.
Main risks	- Introduction of carbon pricing - Gradual reduction of existing products derived from fossil fuels resulting in less demand for related products - Rising raw materials prices due to shift to decarbonized society - Damage to supply chain due to increased frequency of extreme weather events - Operating costs up due to rising electricity prices - Costs incurred to respond to energy-saving regulations at the Group's bases - Increased disclosure of climate-related information			
Main opportunities	- Proliferation of xEVs leading to increased demand for related products - Higher demand for domestically produced raw materials as need for local production for local consumption, and ethical consumption, grow - Increased demand for products related to renewable energy and energy-saving technologies - Diffusion of DX and hydrogen technologies resulting in higher demand for related products	- Proliferation of xEVs leading to increased demand for related products - Increased demand for non-fossil and recycling technologies	- Poor growth and insufficient yields of agricultural and marine products causing procurement costs to rise - Higher demand for domestically produced raw materials as need for local production for local consumption, and ethical consumption, grow	- Proliferation of xEVs leading to increased demand for related products - Increased demand for biomass or recycled plastics, and biodegradable plastic materials
Responses	- Shift to renewable electricity at high-emission manufacturing bases - Electrification and switch to more energy-efficient equipment at manufacturing bases - Introduction of power consumption systems - Pass-through of higher raw materials prices to selling prices - Enhancement of resilience to extreme weather events, such as by drawing up business continuity plans (BCPs) and diversifying suppliers - Preemptive development of new and alternative low-carbon technologies, and formation of partnerships - Fulfillment of orders with stock and management of multi-location inventory by leveraging financial resources - Gathering of information about alternative low-carbon technologies, new low-carbon materials and services, etc. - Preemptive development of low-carbon and decarbonized businesses including mergers and acquisitions			
	Construction and operation of biomass power plant in Sakaminato City, Tottori Prefecture (planning to go into operation in May 2026)		Formation of partnerships to develop domestically made products with the aim of reducing transport CO ₂ emissions through local production for local consumption	Planning to obtain biomass certification from the International Sustainability and Carbon Certification

➤ 4°C scenario

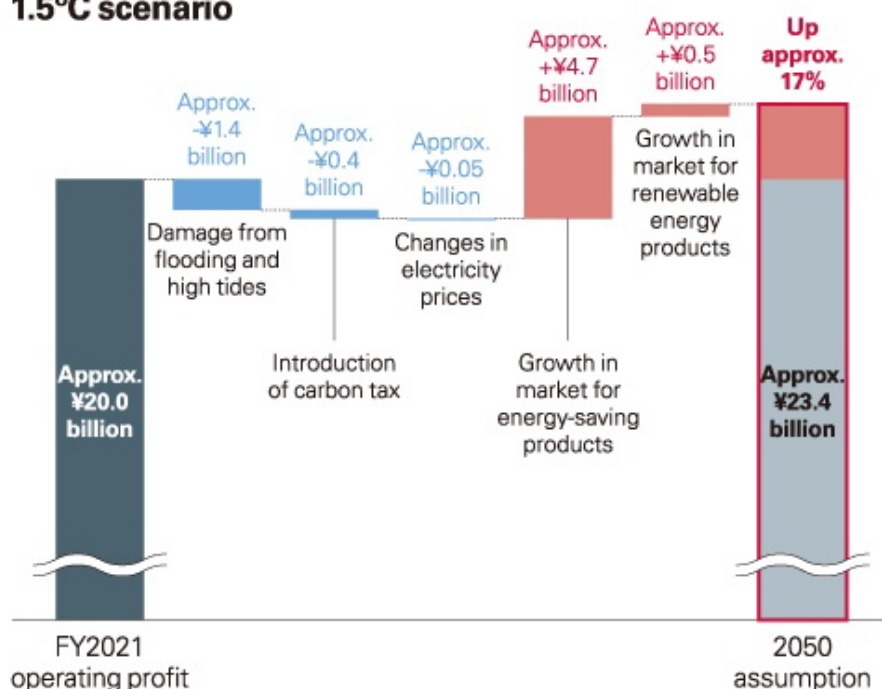
	Information & Electronics	Chemicals	Life Industry	Plastics
Projected business environment	Some renewable energy markets (e.g., solar and biomass) will not grow due to a decrease in sunlight hours as a result of changing weather patterns and continued use of fossil fuel-derived energy.	Trees will not grow well due to changes in weather patterns. Meanwhile, demand for products adapted to climate change will increase in a wide range of fields due to rising temperatures.	Poor growth and insufficient yields of agricultural and marine products will occur due to changing weather patterns. Rising temperatures and changing rainfall patterns will also lead to fewer opportunities for consumers to go out and more hot spots for malaria and other infectious diseases.	The Group's resin compound manufacturing business bases will be hit by intensifying extreme weather events and forced to shut down. Meanwhile, demand for products adapted to climate change will increase in the agricultural sector due to changing weather patterns.
Main risks	- The Group's bases hit by intensifying extreme weather events - Losses due to business shutdowns - Increased disclosure of physical resilience information - Damage due to supply chain disruptions - Sharp rise in fire insurance premiums - Intensifying competition over the sale and procurement of products adapted to climate change - Transport costs up due to sharp rise in fossil fuel prices			
Main opportunities	Increased demand for products adapted to climate change	Increased demand for insulated glass and other products adapted to rising temperatures	- Higher procurement costs caused by poor growth and insufficient yields of agricultural and marine products - Decline in the food service industry due to fewer opportunities for consumers to go out - Fewer hospital visits by people with minor illnesses due to the spread of infectious diseases	- Increased demand for greenhouses and other products that help farms control the quality of agricultural products - Increase in processing contracts at the resin compound manufacturing business bases due to advances in BCP measures by plastic manufacturers
Responses	- Development and expansion of products and services adapted to climate change - Enhancement of resilience to extreme weather events, such as by drawing up BCPs and diversifying suppliers - Review of raw materials, and diversification of, and strengthening of relationships with, suppliers - Fulfillment of orders with stock and management of multi-location inventory by leveraging financial resources - Greater localization, such as by outsourcing processing locally			
			Expansion to upstream businesses (cultivation and aquaculture) to stably secure agricultural and marine resources	Expansion to upstream businesses (cultivation and aquaculture) to stably secure agricultural and marine resources

4.4 Assessment of Financial Impacts (Quantitative Scenario Analysis)

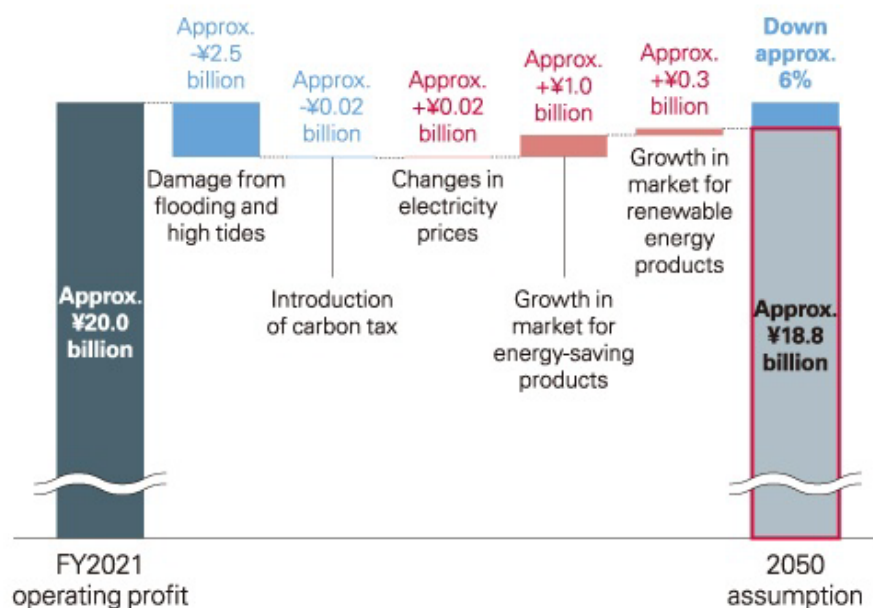
In addition to qualitative analysis, we conducted quantitative scenario analysis. Based on the matters organized and considered in steps (1) to (3), we selected climate-related risks and opportunities that could be calculated, and collected the Group's performance data as well as future forecast information, or parameters, published by external organizations. Using this information, we calculated the financial impact of risks and opportunities under both the 1.5°C and 4°C scenarios.

These financial impact estimates were calculated by narrowing the scope of analysis and setting certain assumptions based on the limited information and data available at this point in time, and do not indicate future results.

1.5°C scenario



4°C scenario



Formula for estimates	
Physical damage from flooding and high tides	Estimates of disaster damage for each location are based on the <i>Manual for Economic Evaluation of Flood Control Investment</i> issued by the Ministry of Land, Infrastructure, Transport and Tourism. Damage information, including damage rates and business suspension periods, was identified for each location using hazard maps. The assessment covered all domestic and overseas consolidated Group company locations and outsourced warehouses (299 overseas and 223 domestic locations), representing 100% coverage of the consolidated Group.
Carbon tax	Estimates based on the Group's GHG emissions and future carbon prices*¹. *¹ Based on the carbon price assumptions under the Net Zero Emissions by 2050 Scenario in the <i>IEA World Energy Outlook 2021</i>.
Electricity prices	Estimates based on the Group's electricity consumption and future electricity prices*². *² Based on electricity price assumptions under the Stated Policies Scenario and Sustainable Development Scenario in the <i>IEA World Energy Outlook 2019</i>.
Diffusion of renewable energy and energy-saving products	Estimates based on projections of sales of the Group's related products, as well as future installed capacity and market size for clean energy technologies*³. *³ Based on assumptions under the Stated Policies Scenario, Sustainable Development Scenario, and Net Zero Emissions by 2050 Scenario in the <i>IEA World Energy Outlook 2021</i>.

4.5 Summary of Scenario Analysis Results

Based on the results of the analyses described above, we summarized the Group's climate-related risks and opportunities.

Under the 4°C scenario, damage to the Group's locations in Japan and overseas is assumed due to increasingly severe extreme weather events. However, based on the current analysis, we recognize that these risks are not at a level that would immediately and significantly threaten the Group's business continuity. In terms of opportunities, demand for products adapted to rising temperatures and changing weather patterns is expected to increase. We have reaffirmed the potential to contribute to society as a whole in adapting to global warming while maintaining the Group's own business resilience.

Under the 1.5°C scenario, we identified increased operating costs due to the introduction of carbon pricing and higher electricity prices as risks. At the same time, the analysis indicated that medium- to long-term revenue opportunities can be expected through the spread of technologies and products that contribute to low-carbon and environmentally friendly solutions. This has reaffirmed that the expansion of environment-

related business, a growth strategy set out in the New Challenge 2026 medium-term management plan, and contribution to the global environment through business, as set out in the Sustainability Medium-term Plan 2026, are important initiatives closely linked to the Group's growth as society advances toward decarbonization.

Regarding environment-related business, the Group has positioned expansion of environment-related business as one of its companywide growth strategies in New Challenge 2026, and has set a numerical target of achieving net sales of 100 billion yen in environment-related business by FY2026 in the Sustainability Medium-term Plan 2026, formulated at the same time. The Group is advancing initiatives across all business segments toward achieving this target. Net sales of environment-related business are compiled and reported over time as shown below.

Environment-related business fields and net sales

(Billions of yen)

Field	Main items	Net sales				
		FY2021	FY2022	FY2023	FY2024	FY2025
Energy & Power	Renewable energy- and battery-related items	13.4	17.5	24.4	22.5	13.7
Resources & Environment	Sustainable raw materials, recycling, and water-related items	4.2	7.5	10.7	13.8	14.4
Materials & Chemicals	Low-carbon materials and reduction of environmental pollutants	0.7	1.5	3.1	6.6	8.2
Agriculture & Food	Food waste reduction and soil improvement	—	—	—	—	—
Transportation & Logistics	EV charging and green logistics	—	—	—	—	—
Environmental Certification	Forestry certifications and marine product certifications	0.3	0.3	0.1	0.5	0.2
Total (simple sum)		18.7	26.9	38.6	43.5	36.8

Notes:

1. Figures are rounded down to the nearest 0.1 billion yen (100 million yen), so individual figures and totals may not match.
2. Scope: Inabata Group (domestic and overseas consolidated companies).
3. No sales results for Agriculture & Food and Transportation & Logistics.

This analysis is based on currently available information and certain assumptions, and the results may change due to future shifts in the external environment or regulatory trends.

5 Risk Management

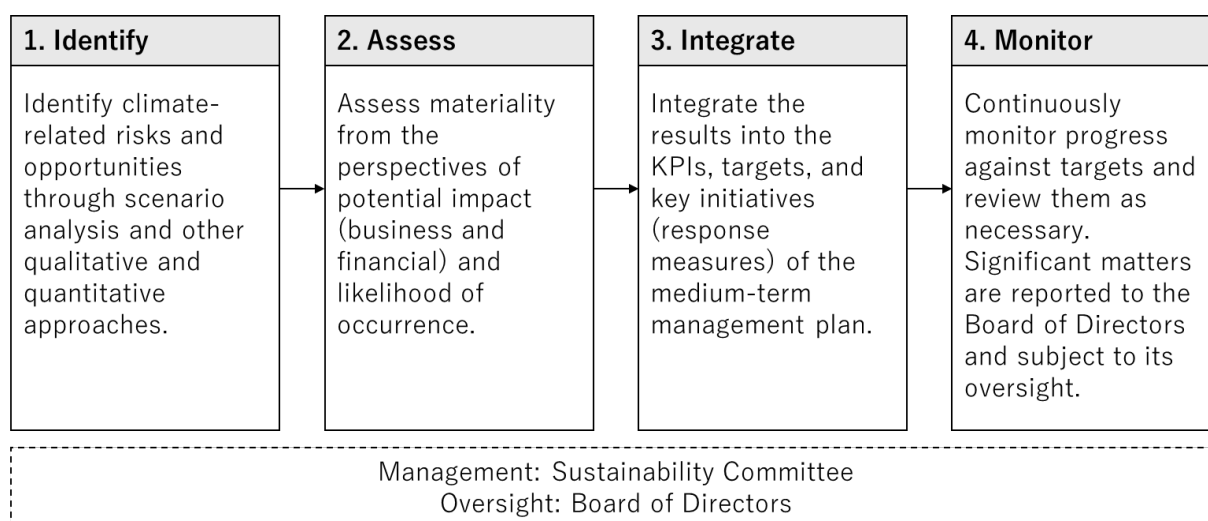
5.1 Basic Approach

The Group recognizes that the impacts of climate change involve a high degree of uncertainty and may materialize over the medium to long term, and that conventional risk management methods alone may not always be sufficient to manage them.

Accordingly, sustainability-related risks and opportunities, including those related to climate change, are identified, assessed, and managed mainly by the Sustainability Committee under the oversight of the Board of Directors.

5.2 Management Process for Climate-related Risks and Opportunities

Based on scenario analysis and other methodologies, the Group identifies and examines climate-related risks and opportunities from both qualitative and quantitative perspectives, and operates an integrated process that covers materiality assessment, incorporation into plans, and progress monitoring. The management process for sustainability-related risks and opportunities, including climate change, is as follows.



Important risks and opportunities identified and assessed through these processes are reflected in the Group's business strategies and medium-term plan indicators and targets, and are used for progress management and decision-making.

5.3 Promotion Structure

The Sustainability Committee manages sustainability-related risks and opportunities, including those related to climate change. Risks and opportunities identified and examined based on scenario analysis and other methods are assessed and prioritized by the committee, reflected in the indicators and targets of the medium-term plan, and managed through monitoring of progress against targets.

The Sustainability Committee is convened at least once a year in principle, with extraordinary meetings held as necessary. Currently, it is held twice a year. All directors participate in the committee, thereby enabling the Board of Directors to exercise its oversight function through the committee.

5.4 Management through the Sustainability Medium-term Plan 2026

In the Sustainability Medium-term Plan 2026, the Group has organized risks and opportunities for each material issue, together with the main initiatives to address them, and reflected these in indicators and targets. Progress is monitored and managed by the Sustainability Committee. The following is an excerpt of risks and opportunities related to climate change. For further details, please refer to the Sustainability Medium-term Plan 2026 posted on the Company's website.

(https://www.inabata.co.jp/sustainability/about/midterm_plan/) Japanese Only

Materiality-related risks, opportunities, and main initiatives (excerpt of matters related to climate change)

Creating Sustainable Value	Contributing to a decarbonized and circular society / Sustainable use of natural capital			
Risks and Opportunities		Main Initiatives	Risk response	Opportunity response
Risks ● Rising costs associated with stricter policies, laws, and regulations for climate change ● Lower earnings associated with stricter policies, laws, and regulations and lower consumer demand for petroleum-based plastics ● Lower earnings associated with changes in production areas, yield, quality, etc. of agricultural and marine products due to climate change ● Reputational decline and exclusion from supply chains due to inadequate disclosure of climate change impacts and natural capital use ● Damage to Company locations and supply chain disruptions due to intensifying extreme weather events ● Reputational decline due to greenwashing		Promote activities to reduce GHG emissions toward carbon neutrality	◎	◎
		Introduce renewable energy	◎	◎
		Appropriate information disclosure, including TCFD-related disclosure	○	○
		Expand sales from environment-related businesses, including clean technology		◎
Opportunities ● Growing demand for renewable energy and batteries ● Growing demand for products adapted to changing corporate and consumer behavior associated with global warming ● Growing demand for biomass, recycled, and biodegradable plastics and the like ● Growing demand for sustainable agricultural and		Acquire sustainability-related certifications		○
		Formulate, review, and operate BCPs	○	○
		Diversify suppliers and outsourcing	◎	◎

marine products ● Higher corporate evaluation owing to the consistent promotion of environmental activities and appropriate information disclosure	partners, and decentralize inventories		
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Note: The symbols in the Response columns indicate the importance of the initiatives (◎ > ○).

5.5 Relationship with Group-wide Risk Management

To prevent the occurrence of diverse risks that could affect the entire Group and to respond appropriately when they do occur, dedicated organizations such as the Risk Management Office and the Financial Management Office continuously identify, assess, and manage individual risks according to their respective areas of expertise, including risks related to business partners, products, import and export operations, finance, and compliance.

Relevant committees and forums, including the Compliance Committee, also collaborate to establish a management structure capable of appropriate responses. Important matters are reported to and overseen by the Board of Directors as necessary.

Sustainability-related risks and opportunities, including those related to climate change, are identified, assessed, and managed mainly by the Sustainability Committee while maintaining consistency with this Group-wide risk management framework, and are reported to the Board of Directors as appropriate.

5.6 Oversight by the Board of Directors

The Board of Directors oversees Group-wide risks in an integrated manner, taking into account sustainability-related risks and opportunities reported by the Sustainability Committee as well as other risks reported by relevant committees and responsible organizations. The status of sustainability initiatives is reported to the Board of Directors through annual regular reports and quarterly business execution reports, and matters deliberated by the Sustainability Committee are also overseen through these reports.

5.7 Risk Assessment in the Evaluation of the Effectiveness of the Board of Directors

In the annual evaluation of the effectiveness of the Board of Directors, the Company assesses each risk from two perspectives: assumed impact on business performance and likelihood of occurrence.

Main risks assessed in the evaluation of the effectiveness of the Board of Directors conducted in FY2025

Impact on business performance ↑	Large		Risk related to business restructuring Risk related to quality Risk of fluctuations in commodities markets	Potential risks of overseas activities Risk related to business investment Credit risk of clients
	Medium		Risks related to personnel training and retainment Risk related to information systems and information security Environment-related risks	Risk of fluctuations in foreign exchange rate
	Small	Risk of natural and other disasters Risk of decline in market value of securities held Risk of fluctuations in retirement benefit obligations	Risk related to laws and regulations Risk related to interest rates	
		Low	Medium	High
				Possibility of occurrence

5.8 Positioning of Materiality, Risks, and Opportunities

In June 2022, the Inabata Group identified materiality, or key issues, for sustainable growth. In identifying materiality, the Group assessed importance based on both risks and opportunities. Contributing to a decarbonized and circular society has been positioned as one of the Group's important material issues. For details on the process of identifying materiality (Steps 1 to 4), as well as materiality-related risks, opportunities, and main initiatives, including matters related to climate change, please refer to "Materiality" and the Sustainability Medium-term Plan 2026 posted on the Company's website.

[\(https://www.inabata.co.jp/sustainability/about/materiality/\)](https://www.inabata.co.jp/sustainability/about/materiality/) Japanese Only

[\(https://www.inabata.co.jp/sustainability/about/midterm_plan/\)](https://www.inabata.co.jp/sustainability/about/midterm_plan/) Japanese Only

6 Metrics and Targets

6.1 Long-term Target (FY2050)

In June 2022, in order to contribute to the international goal set out in the Paris Agreement of limiting the increase in global average temperature to below 1.5°C, the Group established the long-term target of achieving carbon neutrality by FY2050, covering Scope 1 and Scope 2 emissions of the consolidated Group.

This target clearly demonstrates the Group's commitment to viewing climate change measures as a management issue and continuously promoting initiatives toward decarbonization.

6.2 Medium-term Targets (FY2026 and FY2030)

As milestones toward the long-term target, the Sustainability Medium-term Plan 2026, formulated in May 2024, sets the following intermediate targets. These targets are aligned with the 1.5°C goal of the Paris Agreement.

GHG emissions reduction targets

Scope	Base year	Target year	Reduction rate
Scopes 1 and 2 (consolidated)	FY2022	FY2026	25% reduction
		FY2030	42% reduction

6.3 Main Initiatives

The Group promotes a combination of the following initiatives to reduce GHG emissions.

- **Promoting energy conservation**

Reducing power consumption through conversion to LED lighting, replacement with energy-efficient equipment and machinery, and improvement of business process efficiency

- **Introducing renewable energy**

Effectively shifting electricity used at the Group's domestic and overseas operations to renewable energy through the use of nonfossil certificates and other measures

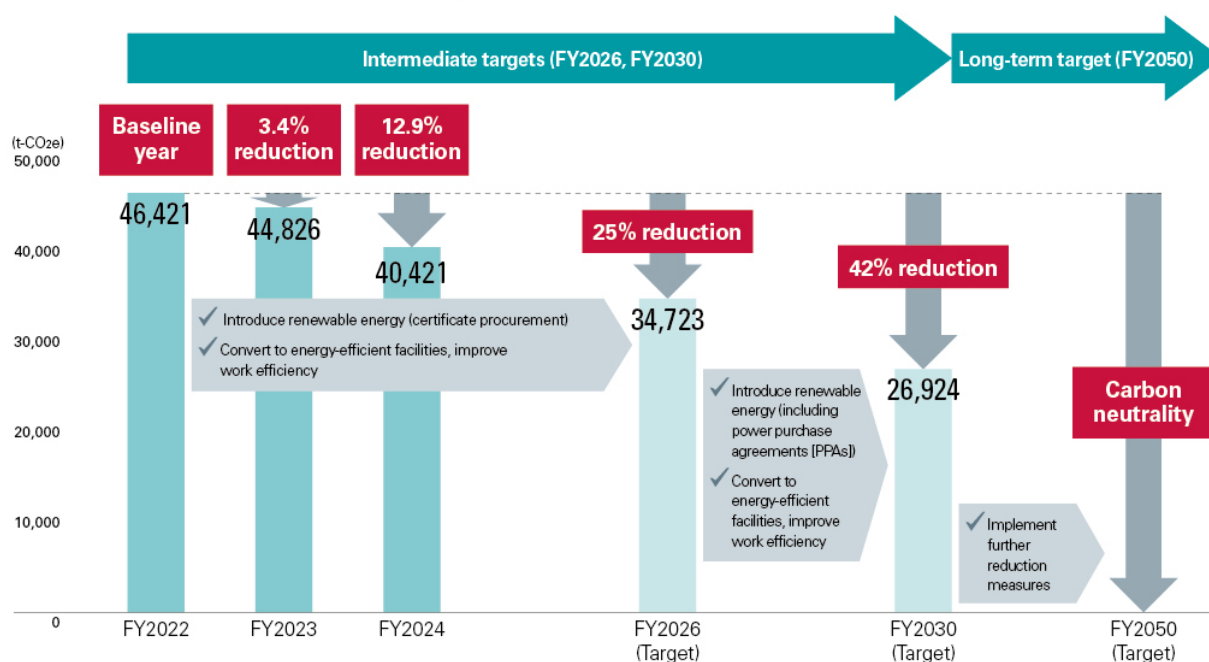
6.4 Initiatives and Results in FY2024 and FY2025

In addition to continuing energy-saving measures, the Group is introducing renewable energy certificates to effectively shift electricity used at business locations in Japan and overseas to renewable energy.

Fiscal year	Initiatives	Results
FY2024	• Continuation of energy-saving measures • Introduction of electricity derived from renewable energy through the use of nonfossil certificates for almost all electricity used in Japan by Inabata & Co., Ltd. and 11 domestic consolidated subsidiaries, effectively reducing Scope 2 GHG emissions to nearly zero	12.9% reduction compared with FY2022

FY2025	- Continuation of energy-saving measures - Continuation of renewable electricity introduction in Japan, as in the previous fiscal year - Overseas, two Group companies in Vietnam began effectively introducing renewable electricity through the use of I-REC, an international renewable energy certificate	Reduction expected; results scheduled for disclosure around summer 2026.
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GHG emissions reduction targets (covering Scope 1 and 2 emissions of the Group)



6.5 Initiatives for Scope 3

The Group began calculating Scope 3 emissions in FY2021. The current scope covers the parent company, and we will expand the calculation scope in stages going forward.

Supply chain emissions (FY2024)

Scope	GHG emissions [t-CO ₂ e]	
	FY2022 Base year	FY2024
Scope 1	2,755	★3,630
Scope 2 (market-based)	43,666	★36,791
Scopes 1 and 2 total	46,421	40,421
Scope 3	1,960,235	1,925,467
Scopes 1, 2, and 3 total	2,006,656	1,965,888

Scope 3 breakdown by category			GHG emissions [t-CO ₂ e]	
			FY2022 Base year	FY2024
Upstream	Category 1	Purchased goods and services	1,435,020	★1,610,161
	Category 2	Capital goods	2,984	4,804
	Category 3	Fuel- and energy-related activities not included in Scope 1 or 2	71	40
	Category 4	Upstream transportation and distribution	55,189	★39,681
	Category 5	Waste generated in operations	53	8
	Category 6	Business travel	2,377	2,271
	Category 7	Employee commuting	234	257
	Category 8	Upstream leased assets	Not applicable because this category is included in Scopes 1 and 2	
	Subtotal (upstream)		1,495,928	1,657,222
Downstream	Category 9	Downstream transportation and distribution	Excluded from calculations because it is difficult to ascertain actual conditions and make reasonable estimates due to the wide variety of products sold and transportation destinations	
	Category 10	Processing of sold products	Excluded from calculations because it is difficult to ascertain actual conditions and make reasonable estimates due to the wide variety of products sold and transportation destinations	
	Category 11	Use of sold products	Not applicable because there are no activities in this category	
	Category 12	End-of-life treatment of sold products	464,242	268,172
	Category 13	Downstream leased assets	64	73
	Category 14	Franchises	Not applicable because there are no activities in this category	
	Category 15	Investments	Not applicable because there are no activities in this category	
	Subtotal (downstream)		464,306	268,245
	Total (upstream + downstream)			1,960,235

Notes:

1. Scope of calculation: Scopes 1 and 2: Inabata & Co., Ltd. and domestic and overseas consolidated subsidiaries; Scope 3: Inabata & Co., Ltd.

2. Data marked with a star (★) have received third-party assurance from LRQA Limited, an independent assurance provider, in accordance with ISO 14064-3:2019.
3. Please refer to the Company website for past performance data.
4. FY2025 results are scheduled to be disclosed in or around the summer of 2026.

6.6 Metrics and Targets for Environment-related Business

In the Sustainability Medium-term Plan 2026, the Group has set a target of achieving net sales of 100 billion yen in environment-related business by FY2026, with the aim of contributing to a decarbonized society through business activities while achieving sustainable growth. The assumed composition of environment-related business by field in the final year of the plan is as follows.

This target was set based on the opportunities identified through the scenario analysis described in Section 4, Strategy.

Composition of environment-related business by field (FY2026 assumption)

Field	Main content	Composition ratio (assumption)
Energy & Power	Renewable energy-related items, battery-related items, etc.	Approx. 70%
Resources & Environment	Sustainable raw materials, recycling, water-related items, etc.	Approx. 20%
Other	Materials & Chemicals, Agriculture & Food, Transportation & Logistics, Environmental Certification, etc.	Approx. 10%

Notes: For trends in net sales of environment-related business from FY2021 to FY2024, please refer to Section 4.5 Summary of Scenario Analysis Results.