# Information Disclosure Based on TCFD Framework **TCFD**

As climate change has considerable impacts on the society, the Hoshizaki Group has regarded them as a key social issue to address. The group expressed its agreement on TCFD Recommendations in February 2022 and is proceeding with information disclosure based on the TCFD framework. In addition to revising our scenario analysis in 2023, we broadened the target for CO2 emissions from business activities (Scopes 1 and 2) and from nonconsolidated to the Group\*.

Reduction targets were also changed as being for the Group\*, with an interim goal for 2030 set at 30% reduction in CO2 emissions (Scopes 1 and 2) compared with the result in 2023. We will continue as the group to promote initiatives to realize a decarbonized society.

\*Excluding overseas sales companies

### Governance

The Hoshizaki Group has established the Sustainability Committee as an organization for promoting initiatives for materiality including responses to climate change, with the Representative Director, President, and CEO as Chair. The climate change working group (WG) is conducting activities under this committee to promote measures against climate change. Progress in results of activities by the WG is reviewed regularly by the Sustainability Committee. For more details, see Page 51

## Strategy

#### Scenario Analysis for Climate Change

The "2°C or lower scenario" was revised in 2023 from 2°C to 1.5°C, as a target in line with social needs. We evaluate the financial impact on a three-point scale for each risk and opportunity based on its impact on periodical profit and its probability. \*See the following page for details on the scenario analysis.

Scenarios for reference

World Bank "State and Trends of Carbon Pricing 2021" IEA World Energy Outlook (WEO) 2021 IPCC AR5, RCP2.6 (Under 2°C Scenario), RCP8.5 (4°C Scenario)

### **Risk Management**

The Sustainability Committee conducts planning, formulation and management related to climate change, promoting the Company-wide measures for climate change. Specifically, the Sustainability Committee evaluates and identifies impacts (risks and opportunities) of climate change on the Company and then proposes and conducts countermeasures.

### **Metrics and Targets**

Toward reducing CO<sub>2</sub> emissions from business activities (Scopes 1 and 2) to net zero in 2050, the Hoshizaki Group will promote thorough energy-saving activities and proactive utilization of renewable energy. The Hoshizaki Group has set as an interim goal for 2030 (including overseas), a target aiming for 30% reduction compared with 2023.

Hoshizaki Group: Interim (2030) Target to Reduce CO<sub>2</sub> Emission (Scopes 1 and 2) Reduction by 30% CO<sub>2</sub> emission in 2030 compared with the result in 2023





Calculations for Scope 3 CO<sub>2</sub> emission are being made for Japan and overseas, and we plan to disclose reduction targets for global emissions by 2026. Gaining SBT validation is being put under consideration regarding targets.

#### • Priority Measures for Achieving Target



Renewable energy power generation facilities are being established, with solar panels being installed in the Head Office Factory and Shimane Factory (installation scheduled to be completed by end of 2024). Volume of power generated is expected to be 1,540,000 kWh annually, with reduction in CO2 anticipated at 754 tCO2e annually.

#### • Financial Impact of Climate Change Risks and Opportunities, and Countermeasures

Category		ltem	Rele	vant nario	Period of occur-	Fina imp	incial bact	Countermeasures	Results
Transition risks	Policy and legal	Increase in burdens of R&D costs and capital investment owing to response to strict regulations on refrigerants and further promotion of decarbonization of products	<u>1.5</u> ℃	40	Short term	Small	Middle	<ul> <li>Planned investment in R&amp;D and product design</li> <li>Installation of energy-saving facilities</li> <li>Utilization of support programs such as national and municipal subsidies</li> </ul>	Installation of solar power generation facilities in the Head Office Factory and Shimane Factory (operations to begin after 2024)     Completion of replacement with LED lighting in Head Office
		Cost increase owing to implementation of decarbonization	$\checkmark$	$\checkmark$	Short, medium, and long terms	Medium	High	<ul> <li>Increasing procurement of renewable energy to reduce Scope 2 emissions</li> <li>Emissions for supply chains for the Company's business (Scope 3 emissions) will be calculated going forward and measures considered for them</li> </ul>	<ul> <li>Onice</li> <li>Preparations for calculating Scope 3 emissions</li> <li>Switch to natural refrigerants* (see Page 06) completed for 68 refrigerator and freezer models in Japan. Switch to natural refrigerants by the end of 2024 for all refrigerators, freezers, and ice makers (I4 models).</li> </ul>
	Market	A rise in raw materials procurement costs	$\checkmark$		Short and medium terms	Large	Middle	Value analysis (VA), cost-saving activities (reduction of number of parts, change in design, review of materials and parts), decentralization of suppliers, strategic pricing revision	<ul> <li>Non-restaurant market sales: approximately 87,500 million yen (in 2023 in Japan)</li> <li>Preparation of questionnaire for suppliers</li> <li>Secure appropriate parts inventory, optimize global supply chain</li> </ul>
		Increase in procurement costs of renewable energy and alternative fuels	$\checkmark$		Short term	Small	Middle	Activities to reduce electric power consumption of factories, planned investment in off-grid power facilities such as solar panels, raising the ratio of external electric power from renewable energy sources	
Physical risks	Acute	Rise in raw materials procurement costs owing to disruption of supply chain		$\checkmark$	Short and medium terms	Middle	Low	<ul> <li>Decentralization of suppliers and development of new suppliers</li> <li>Procurement from suppliers in close proximity to manufacturing sites, optimization of parts inventory for procurement risks</li> </ul>	<ul> <li>Undergo cost saving and price revision.</li> <li>Installation of solar power generation facilities in the Toyoake Head Office Factory and Shimane Factory (operations to begin after 2024)</li> </ul>
		Cost increase to strengthen measures for natural disasters		$\checkmark$	Medium term	Small	Middle	Clarification of BCP* at global locations (manufacturing and sales)     Enhancement of cooperation with suppliers for stable procurement in times of emergency	
	Chronic	Shrinking of the restaurant market owing to fierce heat and the spread of infectious diseases		$\checkmark$	Medium term	Medium	Middle	Expansion of customer channels (non-restaurant markets, focusing especially on distribution sector, processing and sales sector, basic industries, hospitals, nursing facilities)	
Opportunities	Products and services	Increase in demand for products and services that help with energy saving and reducing GHG for customers	~		Short, medium, and long terms	Large	High	<ul> <li>Expansion of lineup for products using natural refrigerants</li> <li>Reduction of electric power consumption of products and water consumption of products that use water, such as ice makers and dishwashers</li> <li>Increase in qualified inflammable gas handlers, arrangement of repair tools and equipment, service development</li> </ul>	<ul> <li>Switch to natural refrigerants completed for 68 refrigerator and freezer models in Japan. Switch to natural refrigerants by the end of 2024 for all refrigerators, freezers, and ice makers (14 models).</li> <li>Launch of energy-saving products</li> <li>Introduction of Hoshizaki Connect Wi-Fi*(see Page 06), a service to manage operational and temperature data on a cloud server (SaaS)</li> </ul>
	Markets	Increase in demand for refrigerators and freezers owing to temperature rise	$\checkmark$		Medium to long term	Middle	Middle	<ul> <li>Expansion and entry of cold chain products in areas with greater impact from temperature rise</li> <li>Expansion of sales of cold chain products into countries where we have no presence yet and development of service network in proportion to expansion of sales areas</li> <li>Promotion of overseas expansion (M&amp;A)</li> <li>Ratio of overseas net sale 45.9% (+3.9 points year or (FY2023)</li> </ul>	Promotion of overseas     expansion (M&A)     Ratio of overseas net sales:
				$\checkmark$	Medium to long term	Large	Middle		45.9% (+3.9 points year on year) (FY2023)
		Increase in demand for proprietary products and services due to abnormal weather and other environmental changes	$\checkmark$		Medium to long term	Middle	Middle	<ul> <li>Improved lineup and services of sanitary products</li> <li>Expansion of automation, robotics, development of remotely operated products and services, labor-saving products</li> </ul>	<ul> <li>Introduction of Hoshizaki Connect Wi-Fi, a service to manage operational and temperature data on a cloud server (SaaS)</li> <li>Collaboration with Connected Robotics</li> </ul>

\*BCP (business continuity plan) refers to how to continue business in emergency situations.