

		Item		Outline	Results of Business Impact Assessment in 2030		Magnitude of Risks
Risks	Transition Risks	Policies and Regulations	Increase in CO ₂ emissions costs due to introduction of carbon taxes and carbon emissions restrictions	As taxes are incurred on fuel combustion and electricity use following the introduction of carbon taxes, CO ₂ emissions costs are added to operating costs	2°C or 1.5°C scenario	Increase in operating costs due to the introduction of carbon tax or rising tax rates	Medium to High
		Technology/Market	Respond decarbonization upstream in the supply chain and materials shortages	In addition to the increasing need for selecting materials with a lower environmental impact, the emergence of new demand associated with decarbonization causes supply shortages for existing applications of materials		Increase in procurement costs due to revising materials and suppliers	High
		Technology/Market	Decrease in product market due to decarbonization downstream in the supply chain/Late development of environment-friendly products	With customers demanding further reductions in CO ₂ emissions, customers may end up leaving if we are unable to reduce CO ₂ emissions at our own production plants, or we are late in developing environment-friendly products		Customers leaving due to slow response is directly related to decreasing product sales	High
		Market	Rising energy costs	Increase in energy costs as various other companies procure renewable energy		Increase in operating cost due to rising renewable energy unit costs	Low to Moderate
		Market	Decrease in demand for internal combustion engine-related demand	Decrease in demand for internal combustion engines-related products with customers finding alternatives to ICE vehicles as ZEVs become more widespread		Decrease in sales of internal combustion engine-related products due to ZEVs becoming increasingly widespread	High
		Reputation	Impact on the “Noritake” brand due to a late environmental response	Stakeholders evaluate the company based on the state of environmental response, as with increased pressure from society to adapt to decarbonization		Responding too late as all of society focuses on addressing decarbonization will lead to a decline in reputation	Medium to High
	Physical Risks	Acute	Suspended operations due to natural disasters	Suspended operations at sites impacted significantly by rain and strong wind in particular	4°C scenario	The extent of damage to Our Group sites is expected to be limited due to their locations. On the other hand, there is a possibility that supplier shutdowns could impact business operations.	Low to Moderate
		Chronic	Suspended operations caused by high tides as sea levels rise	Suspended operations at sites where high tides in particular may easily cause stoppages		The extent of damage at sites is expected to be limited due to high tides, even at sites located closest to the coast	Low to Moderate
		Chronic	Increase in heatstroke	Increase in operating costs due to the drop in health and safety standards following the increase in heatstroke at plants		The probability of significant increases in heatstroke at plants is expected to be low	Low to Moderate