

4°C Scenario

*Scale of influence in qualitative evaluation "O": May be affected

Risks/ Opportunities	Category	Positioning in the value chain	Details of Risks	Impact on PPIH Group's Business Activities	Affected timeline/ 			Financial Impact (Qualitative/Quantitative)	Countermeasures
					Scale of impact				
					Short term	Medium term	Long term		
Risks	Acute	Direct impact on operations	Shutdown due to disaster	Flood damage due to heavy rain and floods caused loss of equipment and inventory at stores and distribution bases, and temporary suspension of operations		Low	Low	Impact in 2030: 176 million yen (decrease in operating income due to loss of sales opportunities) Impact in 2050: 191 million yen (decrease in operating income due to loss of sales opportunities) *Based on the flood depth of each site (domestic store) surveyed by the World Resources Research Institute (WRI) Aqueduct Floods, the shutdown period is set and calculated (from the "Flood Control Economic Survey Manual (Draft) April 6 Reiwa edition (Ministry of Land, Infrastructure, Transport and Tourism Water Management and Land Conservation Bureau)", the figures for the period of suspension + resumption of operations are adopted)	·Formulation and operation of BCPs ·Implementation of disaster countermeasure education and training ·Store opening strategy and store design in anticipation of flood damage ·Infrastructure development such as installation of water stops to prevent flood damage and preparation of emergency generators ·Based on Medium to Long term repair plans, we consider suppliers and build a system and operation that can be repaired and replaced at an early stage
				Suspension of operations due to supply chain disaster and difficulties in procuring goods		○	○	Qualitative evaluation	·Implementation of disaster countermeasure education and training ·Construction of disaster-resistant logistics bases and supply networks including the distribution of bases
			Increase in property and casualty insurance premiums	Increased burden of casualty insurance premiums owing to increased occurrence of disasters and insurance claims due to climate change		Low	Low	Impact in 2030: 39 million yen 2050 impact: 48 million yen *Based on the history of past revisions to the fire insurance reference rate and the prediction of the frequency of heavy rain (once every 10 years) by IPCC AR6 "Summary for Policymakers (SPM)", the revision rate of the casualty insurance premiums rate is predicted, and the cost increase is calculated	·Strengthening the resilience of buildings and infrastructure
	Chronic	Direct impact on operations	Increase in store operating costs (e.g., A/C costs)	Increase in operating costs of stores and bases, such as electricity bills		○	○	Qualitative evaluation	·Promoting energy conservation in stores and introducing energy-saving equipment ·Introduction of renewable energy such as solar power generation
			Frequent occurrence of flood damage	In case the cost of measures to continue store business is incurred due to sea level rise due to climate change, and business cannot be continued, there is a possibility of closure or relocation			○	Qualitative evaluation	·Relocating stores to low-risk locations
			Increased health risks for employees	Increased health risks, such as heat stroke among employees	○	○	○	Qualitative evaluation	·Improvement of the work environment, such as the introduction and enhancement of air conditioning equipment ·Employee education such as dehydration prevention training
		Procurement impact	Increasing cost of procurement of raw materials	Procurement costs increased due to the impact of rising temperatures, heavy rains, and floods on the growth of raw materials	○	○	○	Qualitative evaluation	·Diversification of raw material sources ·Ensuring stable procurement by expanding the procurement of climate-resistant raw materials such as factory vegetables, land-based aquaculture, and breed- improved products
			Difficulty in sourcing raw materials	Climate change has a negative impact on the growth of raw materials, increasing procurement costs. Decrease in sales due to reflection of the selling price of cost increments.	○	○	○	Qualitative evaluation	·Diversification of raw material sources ·Ensuring stable procurement by expanding the procurement of climate-resistant raw materials such as factory vegetables, land-based aquaculture, and breed- improved products ·Creation of alternative plans in case of procurement difficulties
			Impact on product and service demand	Increase in average temperature	Decrease in the number of customers due to reduced frequency of going out because of heat			○	○
	Opportunities	Products & services	Impact on product and service demand	Increasing awareness of disaster prevention among consumers	Increasing awareness of disaster preparedness and sales of disaster prevention supplies, equipment, and groceries	○	○	○	Qualitative evaluation
Increasing demand for heat- compatible products				Sales of summer products (cooling products, cooling flavor products, sunscreen, summer home appliances, etc.) increased	○	○	○	Qualitative evaluation	·Expansion of the lineup of summer products
				Increased demand for water, beverages and sales due to rising temperatures	○	Low	Low	2030 impact: 50 million yen Impact in 2050: 450 million yen *The increase in sales is calculated by setting the temperature rise based on IPCC AR6, and performing regression analysis based on the monthly average temperature data of the Japan Meteorological Agency and the Group's current sales performance of drinking water and beverages	·Utilization of weather data to understand changes in consumer behavior ·Formulation of annual sales promotion plans using weather forecasts
Resilience		Impact on product and service demand	Resilience to climate change risks	Ensuring disaster resilience and building reliability as an infrastructure	○	○	○	Qualitative evaluation	·Formulation and operation of BCPs ·Strengthening the resilience of buildings and infrastructure ·Implementation of disaster countermeasure education and training ·Infrastructure development such as installation of water stops to prevent flood damage and preparation of emergency generators ·Construction of disaster-response stores ·Conclusion of disaster agreements with government agencies