

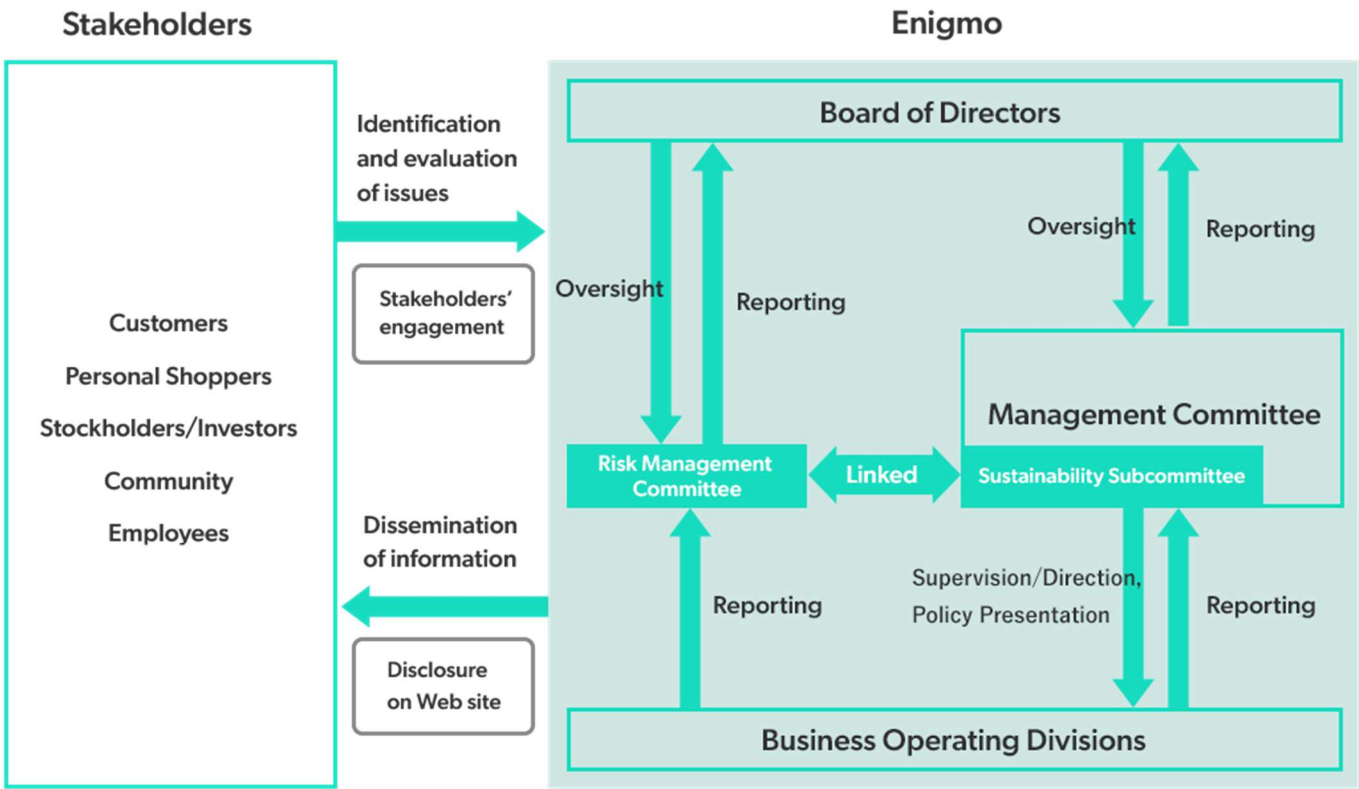
Disclosure based on TCFD recommendations

Governance

In May 2023, we established the Sustainability Subcommittee as a subcommittee of the Management Committee under the supervision of the Board of Directors to discuss matters related to sustainability*. The subcommittee is chaired by CEO and consists of the members of the Management Committee as well as those in charge of sustainability promotion and other members appointed by CEO as necessary. The subcommittee discusses matters related to sustainability, specifically, identification/management of materiality, identification/evaluation/management of sustainability-related risks and opportunities, and formulation of related policies, and reports the results of discussions to the Board of Directors without delay.

The Sustainability Subcommittee also collaborates with the Risk Management Committee to share risk information throughout the company and conduct employee education to instill a high sense of ethics and a spirit of compliance, including the concept of compliance and legal observance.

*Sustainability refers to matters related to the sustainability of corporate management, including environmental (climate change), social, employee, and human rights, anti-corruption, anti-bribery, governance, cyber security, data security, and business environment.



Sustainability Subcommittee

Member	Chair: CEO Other members: Management Committee members, those in charge of sustainability promotion, and other members appointed by CEO as necessary
Number of times held	At least 4 times a year

Discussion	•Materiality identification/management •Identification/assessment/management of sustainability-related risks and opportunities •Development of related policies
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Strategy

In July 2023, we declared "Carbon Net Zero for FY2050" and set a goal to reduce greenhouse gas (GHG) emissions, and is promoting a response to climate change as part of its management strategy. We conducted a scenario analysis to identify climate change risks and opportunities related to its social commerce business, centered on BUYMA, and to understand their impact on its business.

See next page for details.

Risk Management

We have a system in place for each division to report risks to the Risk Management Committee in a timely manner in accordance with the risk management policy. In addition, risks related to sustainability are shared with the Risk Management Committee by the General Manager of the Corporate Operations Division, a member of the Sustainability Subcommittee, to identify company-wide risks. These identified risks are evaluated by the Management Committee through the Risk Management Committee and the Sustainability Subcommittee from the perspective of urgency and impact and classified into levels in order of priority. If a risk is identified as a significant company-wide risk based on the content of the discussion, it is not only managed by the Risk Management Committee or the Sustainability Subcommittee, but a separate committee may also be established to address the risk.

Metrics and Targets

In July 2023, we declared "Carbon Net Zero by FY2050" and set a goal to reduce GHG emissions (Scope 1, 2, & 3) from business operations to virtually zero by FY2050. In addition to the long-term target of 2050, we have also set short- and medium-term milestones as shown below, and are working to achieve decarbonization.

Greenhouse Gas Emissions Reduction Targets and Results (Unit: t-CO₂e)

Scope	Base year emissions	Actual emissions	Actual emissions	Actual emissions	Target annual emissions		
	FY2020	FY 2021	FY 2022	FY 2023	FY 2025	FY 2030	FY 2050
Scope 1&2	40	28	35	31	35 (▲13%)	23 (▲43%)	0 (▲100%)
Scope 3	8,150	7,266	5,514	4,030	6,456 (▲21%)	4,762 (▲42%)	0 (▲100%)
Total emissions	8,190	7,293	5,549	4,061	6,491 (▲21%)	4,785 (▲42%)	0 (▲100%)

Note: Figures in parentheses % in the target annual emissions indicates the rate of reduction from the base year.

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Scenario Analysis

Applicable businesses: The analysis applies all of Enigmo's businesses.

Scenario: Scenario analysis is conducted by using the IPCC (RCP 2.6 and 8.5) and IEA WEO2023 (APS and NZS), which are 2 or less and 4℃ scenarios, respectively.

Time axis: The period during which the risk will manifest is set as the short term from the present to FY2025, the medium term from FY2026 to FY2030, and the long term from FY2031 onward.

Financial impact: The impact on our financial statements is set as follows: small is assumed to be less than 30 million yen, medium is assumed to be between 30 and 100 million yen, and large is assumed to be more than 100 million yen.

Categorization of risks and opportunities based on TCFD recommendations			Contents	Time Horizon			Countermeasure	Financial Impact		
				Short-term	Mid-term	Long-term		Small	Medium	Large
Risks	Transition Risks	Policies and Laws	•Increase in operating costs and tax burden due to introduction of carbon pricing, etc.		●	●	•Promote activities to achieve net-zero emissions	●		
		Technology	•Increase in costs associated with change to environmentally friendly operations	●	●		•Increase efficiency of operations/enhance outsourcing to sustainable vendors	●		
		Market	• Changes in demand for products due to the expansion of sustainable fashion and ethical consumption		●		•Expand development of sustainable and ethical products	●		
		Reputation	•Reputational risk and loss of corporate value due to inadequate response to environmental issues	●	●		•Implement environmental measures in compliance with laws, regulations, and international standards •Enhanced disclosure of the status of environmental initiatives •Improvement of ESG evaluation		●	
			• Suspension of transactions due to insufficient response to environmental issues		●	●				
			• Poor investor evaluation due to inadequate response to environmental issues	●	●					
	Physical Risks	Acute	•Disruptions in the value chain (e.g., delivery delays) due to natural disasters or severe climatic events		●	●	•Diversification of delivery methods •Diversification of user bases / further acquisition of global users		●	
		Chronic	•Decrease in demand for heavy winter clothing due to global warming	●	●	●	•Diversification of business portfolio, including expansion of Travel business		●	●
Opportunities		Market	• Increased demand in the used goods market due to the transition to a circular economy		●	●	•Strengthen promotion of Sokuwari/ALL-IN, used goods trading services	●	●	●
		Reputation	•Strengthen competitiveness in the face of changing consumer preferences due to heightened environmental awareness		●	●	•Expansion of sustainable private guide services, etc.		●	●

- Reference:
- IEA - Global Energy and Climate Model Documentation-2023
 - Ministry of the Environment - Introduction of a tax to address global warming
 - Tokyo District Meteorological Observatory - Climate Change in Tokyo
 - Ministry of Land, Infrastructure, Transport and Tourism - Technical Study Group on Flood Control Planning in Light of Climate Change "Flood Control Planning in Light of Climate Change" Proposal