

Category	Sub-Category	Possible events	Estimated period of occurrence	Top: Impacts (risks and opportunities) on the Company's business Bottom: Actions	Rating of financial impacts of risks and opportunities	
					4°C scenario	1.5°C scenario
Risks arising from transition to a carbon-free society	Policies and legal regulations	Imposition of carbon tax and carbon pricing on greenhouse gas emissions from business activities	Medium term to long term	[Impact (risk) on the Company's business] A rise in operating costs due to carbon pricing regarding Scope 1 and 2 greenhouse gas emissions from the Company's business activities  [Actions] Consider replacing cars owned by the Company with electric vehicles and accelerate the shift to options for energy conservation and power derived from renewable energy for buildings to cut greenhouse gas emissions	—	Minor
		Increase in power prices following changes in renewable energy policies and the energy mix	Medium term to long term	[Impact (risk) on the Company's business] Increase in operation costs due to rising electric power prices associated with growing demand for renewable energy  [Actions] Introduce LED lighting and daylight sensors to fixed asset properties to boost energy conservation	—	Minor
		Toughen regulations on ZEB and ZEH-M through energy conservation policies	Medium term to long term	[Impact (risk) on the Company's business] Increase in construction costs in the Development Business if regulations on the energy efficiency performance of buildings are toughened or if any obligation for energy efficiency is introduced  [Actions] Obtain information on trends of environmental administration and related technologies, optimize construction costs and consider the development of properties meeting ZEB and ZEH-M requirements	—	Major
		Change in material costs after toughening of plastic regulations and the Construction Materials Recycling Act	Medium term to long term	[Impact (risk) on the Company's business] Increase in prices of materials used for construction after toughening of regulations on resources circulation and in costs of building materials with significant environmental impacts  [Actions] Consider shifting to the use of environmentally friendly materials	—	Medium
	Technology	Advances in decarbonization technologies related to real estate and construction businesses	Medium term to long term	[Impact (risk) on the Company's business] Decrease in service demand from stakeholders in the case of failing to introduce building materials and technologies with superior environmental performance  [Actions] Continue business activities with environmental considerations and implement proper disclosures	—	Minor
	Market	Changes in customer behavior associated with the transition to a carbon-free society	Medium term to long term	[Impact (risk) on the Company's business] Decrease in demand for non-ZEH-M properties with poor environmental performance, emergence of vacant properties and decrease in rents  [Actions] Develop and purchase properties with consideration given to environmental performance	—	Medium
Reputation	Change in reputations due to stakeholders' awareness of ESG and sustainability	Short term to long term	[Impact (risk) on the Company's business] Loss of reputation among customers and investors in the case of insufficient ESG actions, including climate actions  [Actions] Continue business activities with environmental considerations and implement proper disclosures	—	Major	
Physical risks arising from climate change	Acute	Increase in physical damage after the intensification of abnormal weather	Short term to long term	[Impact (risk) on the Company's business] Physical damage caused to the Company's facilities and assets it owns with an increase in the frequency and intensity of typhoons and high tides flooding. Occurrence of loss of earning opportunities due to suspension of operations of the Company and the supply chain.  [Actions] Disclose appropriate information about the potential for physical damage to assets owned that may arise from disasters	Major	Major
	Chronic	Rise in sea water level and increase in water disaster risks	Medium term to long term	[Impact (risk) on the Company's business] Decrease in value of properties in inventories located in coastal areas and in estimated flood regions according to water damage hazard maps  [Actions] Toughen criteria for the selection of real estate locations and take stronger disaster control measures for assets owned	Major	Minor
		Rise in average temperatures	Medium term to long term	[Impact (risk) on the Company's business] Increase in air conditioning costs in office operation after a rise in average temperatures Outdoor work possible for shorter durations and other negative impacts on working and construction conditions  [Actions] Consider workstyles and working conditions in consideration of changes in weather patterns	Minor	Minor
Opportunities	Policies and regulations	Increase in demand for construction and properties related to decarbonization following decarbonization policies	Medium term to long term	[Impact (opportunities) on the Company's business] Increase in demand for renovations for energy conservation after a strengthening of energy conservation policies. Increase in demand for properties with excellent environmental performance (ZEB and ZEH-M) as well.  [Actions] Obtain information on trends in environmental administration and related technologies, and consider introducing such technologies	Minor	Major
	Market	Increase in demand for the Purchase and Resale Business following the transition to a carbon-free society	Medium term to long term	[Impact (opportunities) on the Company's business] Increase in demand for purchasing and resale in comparison with the construction of new real estate because of their effect of conserving resources and reducing industrial waste and greenhouse gas emissions  [Actions] Develop and purchase properties with consideration given to environmental performance	Minor	Major
	Chronic	Rise in average temperatures	Medium term to long term	[Impact (opportunities) on the Company's business] Increase in opportunities to sell properties equipped with water retention tiles that help limit rises in temperature and in demand for renovations to improve indoor thermal isolation  [Actions] Propose the installation of environmentally friendly equipment at the time of constructing properties in the Purchase and Resale Business and in the Development Business	Major	Medium