

Disclosure based on TCFD Recommendations

January 31, 2024
Weathernews, Inc

Climate Change Initiatives and TCFD

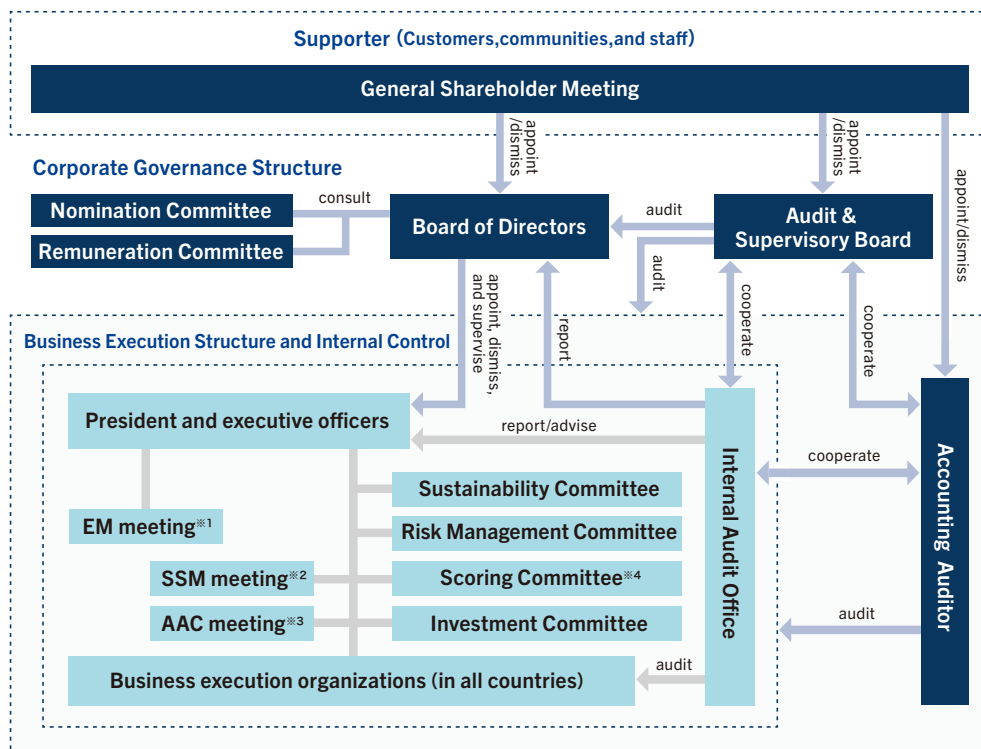
The impact of climate change on people's lives and the economic activities of countries and companies is becoming more serious year over year, as evidenced by the occurrence of extreme weather events worldwide and the intensification of natural disasters. Specific measures to deal with climate change and extreme weather events are also an important theme among the Sustainable Development goal targets (SDGs) by 2030.

In the context of these common global goals, and as a company whose domain is weather and climate and based on our philosophy "to help people in times of need," we believe that our mission is to realize a society in which human society and corporate activities, as well as the global environment are sustainable. In order to realize this mission, we have established key themes and materialities to focus on by leveraging our core competencies that will contribute to the achievement of the SDGs.

In June 2022, we also expressed our support for the Task Force on Climate-related Financial Disclosures(TCFD) recommendations. We will promote information disclosure (governance, strategy, risk management, indicators and targets) based on the TCFD framework regarding the risks and opportunities to our business posed by climate change, and together with our shareholders, investors, and a wide range of stakeholders, work to achieve a sustainable society.

1. Governance

In May 2021, we established the Sustainability Committee, chaired by the Representative Director, as an organization to identify and manage basic policies and significant risks and opportunities related to climate change. This committee identifies issues related to sustainability, formulates plans for addressing them, and promotes and supports the efforts of the entire Weathernews Group. It also monitors the progress of these efforts and reports the results to the Board of Directors on a regular basis, thereby establishing a system that ensures appropriate management and supervision by the Board of Directors.



Organizational Design: Company with Corporate Auditors

As of August 2023

*1 Although we possess an Audit and Supervisory Board, the Nomination Committee and the Remuneration Committee serve as advisory bodies to the Board of Directors.
 *2 Speed & Scope Merit Meeting : A meeting body to confirm business progress and discuss proposals to adapt business to the changes in the market.
 *3 Aggressively Adaptable Company Meeting : A meeting body to confirm the progress of the business plan each month and to identify proactive measures to respond to changes in each market environment.
 *4 Scoring Committee : A meeting body to quantitatively and qualitatively assess the execution and progress of the business plan, and to mutually evaluate compliance with the law and internal rules in light of internal control.

2. Strategy

Using two scenarios for future climate change, the "2°C Scenario" and the "4°C Scenario," we conducted a scenario analysis and assessment in the categories of "Transition risks," "Physical risks," and "Opportunity" to evaluate the significance of climate-related risks and opportunities. The details of each of these opportunities and risks, as well as the results of the evaluation of financial impact are as follows.

Qualitative assumptions for 2°C and 4°C scenarios

Scenario	Assumed Impact
2°C	Scenario in which temperature increases are limited to the current level, and global warming is halted. Social impact and damage from extreme weather events will be curbed by the shift to green energy through low carbon and carbon cycles.
4°C	Scenario in which temperatures rise significantly, and global warming progresses further. A society based on conventional development using fossil fuels will continue, and extreme weather events will intensify.

Define business strategy and financial implications

Risk / Opportunity	Impact Level	Impact on Business Strategy
Risk	Large	Significant company-wide damage (requiring significant time for business recovery)
	Medium	Company-wide damage (requiring several years to recover business)
	Small	Not reaching company-wide level (business recovery possible within one year)
Opportunity	Large	Societal needs for measures to cope with severe disasters and mitigation/adaptation to climate change are expected to be very large globally and/or in Japan, and the services we provide as a weather company are expected to significantly contribute to social issues, thus making a significant impact on our profits.
	Medium	Societal needs for measures to cope with severe disasters and mitigation/adaptation to climate change are expected to be great in Japan, and the services we provide as part of our mission as a weather company are expected to make a moderate contribution to social issues, which in turn is expected to have a moderate impact on the Company's profits.
	Small	We expect there will be societal needs in Japan for measures to cope with severe disasters and mitigation/adaptation to climate change to a certain extent, and make a certain contribution to societal issues through the services we provide as our mission as a weather company, resulting in a certain impact on the Company's profits.

Risks and Opportunities

Classification		Description	Target / Planning	Details of possible risks and opportunities	Financial Impact	
					2°C	4°C
Transition Risk	Policy and Regulations	Carbon tax and carbon price	whole company	Increase in office electricity procurement costs due to the introduction of a carbon tax and higher carbon prices.	Small	—
		Compliance with GHG emission regulations	whole company	Increase in equipment renewal costs associated with conversion of in-house power generation equipment to green energy due to stricter GHG emissions regulations, etc.	Small	—
	Market	Energy Prices	whole company	Increase in electricity procurement costs due to higher energy prices.	Small	—
	Reputation	Investor Rating	whole company	Decrease in corporate value and valuation when climate change and environmental initiatives are deemed insufficient by investors.	Medium	—
Physical Risks	Acute	Intensification of extreme weather	whole company	Flooding damage to some assets due to flooding and high tide, etc. and temporary suspension of operations, business, etc.	—	Small
	Chronic	Sea level rise due to global warming	whole company	Although the impact of sea level rise will be limited, operations and business will be temporarily suspended in the event of flooding or high tide, etc.	—	—
Opportunity	Energy source	Increase in corporate value through environmental initiatives	whole company	Increased attention and expectations for our services in response to the intensification of natural disasters due to climate change, thus increasing our corporate value.	Large	Large
	Product and Service	Increased demand for green energy	SEA	Development of new operational support services based on environmental indicators to respond to the shift to green energy for ships.	Large	—
			SEA	Increased demand for support services for construction and maintenance of power generation facilities due to growing demand for offshore wind power generation.		
			ENV	Growing share of green energy in electricity supply and demand, increasing demand for electricity supply and demand balance prediction services.		
	Product and Service	Reduction of fossil fuel use	SEA SKY Land	Increased demand for support services that lead to reductions in fossil fuel consumption, and development of new transportation planning support services that leverage synergies among nautical, aviation, land, and other businesses.	Medium	Medium
			Mobile / Internet	Increased demand for personal electricity supply-demand forecasting services in response to growing awareness of electricity conservation among individuals and households.		
	Market	Shift to Environmentally Conscious Orientation	ENV	Increased expectations and demand for food waste minimization services as consumers shift to more environmentally conscious.	Large	—
	Resilience	Increasing needs for response solutions to the increasing number of severe disasters caused by extreme weather events due to climate change	SEA Sports	Develop new compensation services for damage caused by extreme weather events, such as delays in vessel arrivals and cancellations of sporting events.	Medium	Large
			Land ENV	Increased demand for business continuity risk measurement and countermeasure services for flooding risk of factories, warehouses, power plants, and other onshore facilities due to more severe natural disasters (in response to TCFD).		
			Climate Tech	Calculation of the impact of increased natural disasters on business, increased demand for acute risk analysis services (2°C scenario). Analysis of impact on crop growth and yield in each production area, increased demand for yield forecasting services (4°C scenario).		
Climate Tech Sports			Increased demand for insurance services and health monitoring services for heat stroke risk during exercise and work due to rising temperature.			
Mobile / Internet			Increased demand for personalized disaster prevention and mitigation information services due to a growing sense of urgency over the increasing number and severity of natural disasters.			

3. Risk Management

As the business environment becomes increasingly complex and uncertain, it is essential to accurately address risks that could have a significant impact on corporate activities in order to execute management strategies and business objectives. We have positioned climate change-related issues as a risk that could have a significant impact on our management, and the Sustainability Committee appropriately examines and manages such issues. The content is also shared with the Risk Management Committee, the organization in charge of risk and crisis management based on business continuity as well as basic policies for risk management. We have established a system to establish basic policies for risk management, including management oversight prior to the occurrence of risks and policies for responding immediately after the occurrence of risks.

4. Indicators and Targets

We are committed to achieving a sustainable society by improving our technologies and solutions and promoting global partnerships that enable us to both reduce our environmental impact and maximize our corporate business profits. Our specific indicators and goals for this initiative are as follows.

Year 2030	Net zero emissions for Scopes 1 and 2 ^{*1}
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Category ^{*2}			CO2 emissions (unit: tCO2)	
			FY2021	FY2022 ^{*5}
Scope1	Private power generation facilities in case of emergency		8	7
	Company vehicles ^{*3}		21	23
Scope2	Office	Japan	3,075	3,325
		Head office	33	28
	Other		27	28
	Overseas		14	8
		Weather observation equipment ^{*4}	14	8
Scope3	Category 1	Purchased products and services	—	20,797
	Category 2	Capital goods	—	392
	Category 3	Fuel and energy activities not included in Scopes 1 and 2	—	762
	Category 4	Transport, delivery (upstream)	—	111
	Category 5	Waste generated from operations	—	25
	Category 6	Business trip	—	1,050
	Category 7	Employee commute	—	127
Total			3,178	26,683

^{*}Categories 8 - 15 are not applicable.

^{*1} We will also consider setting a Scope 3 reduction target for 2050 carbon neutrality in the future.

^{*2} Scope 1: Direct greenhouse gas emissions (fuel combustion) caused by our business

Scope 2: Indirect emissions from the use of electricity, etc. supplied by other companies

Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the activities of our business)

^{*3} Due to the calculation of Scope 3, fuel consumption of company vehicles was added to Scope 1.

^{*4} Weather observation equipment are listed separately because the company operates these in locations other than its offices in Japan and overseas.

^{*5} Third-Party Assurance

In order to improve the reliability of our CO2 emissions results, we obtained third-party assurance from the Japan Management Association regarding direct CO2 emissions (Scope 1), indirect energy-derived CO2 emissions (Scope 2), and other indirect CO2 emissions (Scope 3) for the fiscal 2022 calculation.

【 Contact 】

Please contact us from the enquiry form on our corporate website.

<https://jp.weathernews.com/contact/>

Disclaimer

The Company has prepared these materials based on information currently available and confirmed, as well as on certain assumptions it considers reasonable, but actual results may differ from these materials due to various factors.