

## Baroque Japan Limited Information disclosure in line with TCFD

### recommendations

For Baroque, sustainable initiatives do not end at simply making clothes with environmentally friendly materials, rather they are initiatives that aim to create not only a sustainable society, but a sustainable company. And we are working group-wide to achieve sustainable management from the three perspectives of the environment, society, and people.

Based on the TCFD framework, we have collected and analyzed necessary data and identified our “risks” and “opportunities” regarding the impact of climate change-related risks and profit opportunities on our business activities and profits. At the same time, we verified the resilience of the strategy through scenario analysis. Going forward, we will steadily promote countermeasures against the identified “risks” and “opportunities” and actively disclose information.

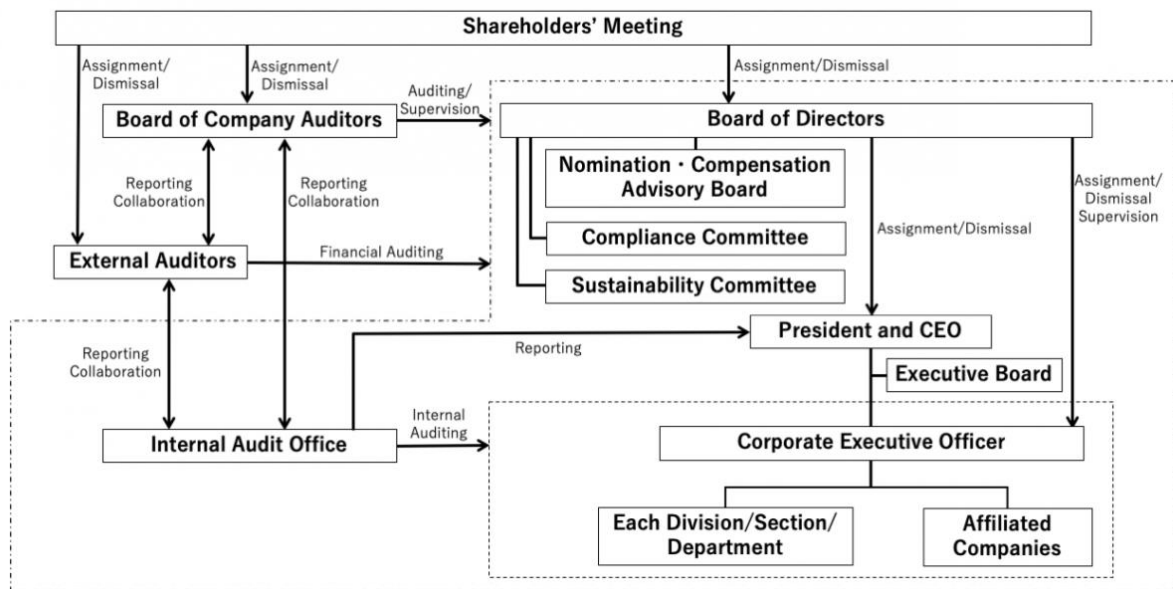
### 1. GOVERNANCE

○The Sustainability Promotion Office examines and deliberates on basic policies, important matters, risks and opportunities related to climate change. In addition, in May 2022, we established the Sustainability Committee to examine sustainability, including climate change risks.

○Matters deliberated and decided by the Sustainability Committee are submitted to the Board of Directors.

○Proposals deliberated and decided by the Board of Directors are rolled out to each department and reflected in their respective management plans and business operations.

【Corporate Governance System Overview (Diagram)】



## 2. STRATEGY

○We perceive “climate change” as one of the medium- to long-term risks for our business. In order to consider our strategies and organizational resilience in light of “climate change” related risks and opportunities, we referred climate change scenarios (less than 2° C scenario and 4° C scenario) made by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), considered the long-term impact on our company until 2050 and performed scenario analysis focusing on the manufacturing retail industry (domestic) such as apparel and accessories.

※Below 2° C scenario: IEA-SDS, IPCC-AR5 (Fifth Assessment Report)-RCP2.6, etc.

※4° C scenario: IPCC-AR5 (Fifth Assessment Report)-RCP8.5, etc.

## 3. Risk management

○A working group on climate change risk was established to conduct scenario analysis. In order to prioritize climate change risks, we will focus on the items with the highest impact on the table below due to the likelihood and impact of risks and opportunities. Going forward, the Sustainability Committee will continue to confirm this.

○As part of the climate change risk management process, we will analyze climate change risks, formulate and promote countermeasures, and manage progress through the Sustainability

Committee.

○Details analyzed and considered by the Sustainability Committee are reported to the Board of Directors, and integrated risk management is carried out company-wide.

#### **4. METRICS & TARGETS**

○In order to evaluate and manage the impact of climate change issues on our business, we plan to calculate the total emissions of greenhouse gases (CO<sub>2</sub>) (Scope 1 and 2) as indicators and set reduction targets.

○First, we will calculate Scope 1 and 2 emissions and set reduction targets for Baroque Japan Limited alone, and will disclose them as soon as they are determined.

## Major Risks and Opportunities and Responses Related to Climate Change

scenario	cause	change	RISK/ CHANCE	Impact on us	Our measures
2°C	Introduction of carbon tax	Increase In procurement costs	RISK	<ul style="list-style-type: none"> <li>●The introduction of a carbon tax will increase the manufacturing cost of purchased products, which will increase our procurement costs.</li> </ul>	<ul style="list-style-type: none"> <li>□Promoting appropriate procurement by improving supply and demand forecasts and inventory management.</li> <li>□Strengthen cooperation with suppliers and reduce procurement costs.</li> </ul>
			RISK	<ul style="list-style-type: none"> <li>●Due to the introduction of various tax systems, including a carbon tax, and the promotion of low-carbon transportation, transportation energy costs and in-house renewable energy procurement costs will increase.</li> </ul>	<ul style="list-style-type: none"> <li>□We will promote efforts to reduce energy consumption by improving transportation efficiency by strengthening cooperation with logistics companies and by investing in energy saving in our own warehouses.</li> </ul>
			RISK	<ul style="list-style-type: none"> <li>●If the impact of carbon taxes, etc. affects product prices, there is a possibility that customer support will be affected.</li> </ul>	<ul style="list-style-type: none"> <li>□Reduce the impact of the carbon tax on our company by promoting energy saving and actively utilizing renewable energy.</li> </ul>

	Growing demand for information disclosure from outside	Difficult access to capital markets	RISK	●Demands for information disclosure related to climate change are increasing, and inadequate disclosure may affect bank borrowings and issuance of corporate bonds.	□Promote appropriate disclosure by establishing a system for responding to external disclosure requests such as information disclosure in accordance with TCFD and responses to CDP questionnaires.
	Improving environmental awareness of stakeholders	Changes in customer values	CHANCE	●There is a possibility that our MOUSSY denim and other eco-friendly products will match the growing ethical orientation of consumers and increase our support.	□Promote further development of an environmentally friendly production system. < <Examples of current efforts> > • Reducing water usage • Reducing use of chemical substances • Sewage discharge control, etc.
	Improving environmental awareness of stakeholders	Changes in customer values	CHANCE	●As consumers become more environmentally conscious, demand for products that actively use recycled and environmentally friendly materials is expected to grow.	□We will focus on developing and selling products that use recycle materials and environmentally friendly materials. • sustainable cotton • recycled fiber • Regenerated fiber, etc.

	Strengthening decarbonization efforts by developers	Stricter occupancy conditions from an environmental point of view	RISK	<ul style="list-style-type: none"> <li>●Developers' demand for decarbonization of tenants is gradually increasing, but if it is included in the occupancy conditions in the future, it may affect our store opening strategy.</li> </ul>	<input type="checkbox"/> We will further promote initiatives to reduce the environmental impact within our stores. <ul style="list-style-type: none"> <li>• Reuse of materials and active use of environmentally friendly materials</li> <li>• Switching plastic shoppers to paper/recycled paper, etc.</li> </ul>
		Strengthening efforts to reduce environmental impact	CHANCE	<ul style="list-style-type: none"> <li>●Attention to environmental considerations is increasing, such as the emergence of commercial facilities specializing in tenants working to reduce environmental impact.</li> <li>●Promoting environmentally friendly initiatives may lead to store openings and the acquisition of new customers.</li> </ul>	<input type="checkbox"/> We will grow businesses such as the green business “Shelter Green” and the ethical brand “M_” to further promote our sustainability efforts.

scenario	cause	change	RISK/ CHANCE	Impact on us	Our measures
4°C	Intensification of weather disasters	Increased risk of supply chain disruption	RISK	<ul style="list-style-type: none"> <li>● Due to the increased risk of drought in cotton production regions, one of the main raw materials for our products, there are concerns that production volume will decline and prices will rise.</li> <li>● In addition, if suppliers or our bases are damaged, the supply chain may be disrupted, making it difficult to procure raw materials and products stably.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Promote disaster countermeasures at our own logistics bases.</li> <li><input type="checkbox"/> Strengthen cooperation with suppliers regarding disaster countermeasures, develop new suppliers, consider decentralization, and develop a stable procurement system.</li> </ul>
		Intensification of flood	RISK	<ul style="list-style-type: none"> <li>● The impact on store operations is expected due to the increase in store inundation due to flooding and the expansion of damage.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> In addition to promoting disaster countermeasures at each store, we will strengthen the system for more smoothly collecting information and planning countermeasures.</li> </ul>