Baroque Japan Limited Information disclosure in line with TCFD recommendations（FY2024）

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 have identified our “risks” and “opportunities” regarding the impact of climate change on our business activities.　At the same time, we have 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

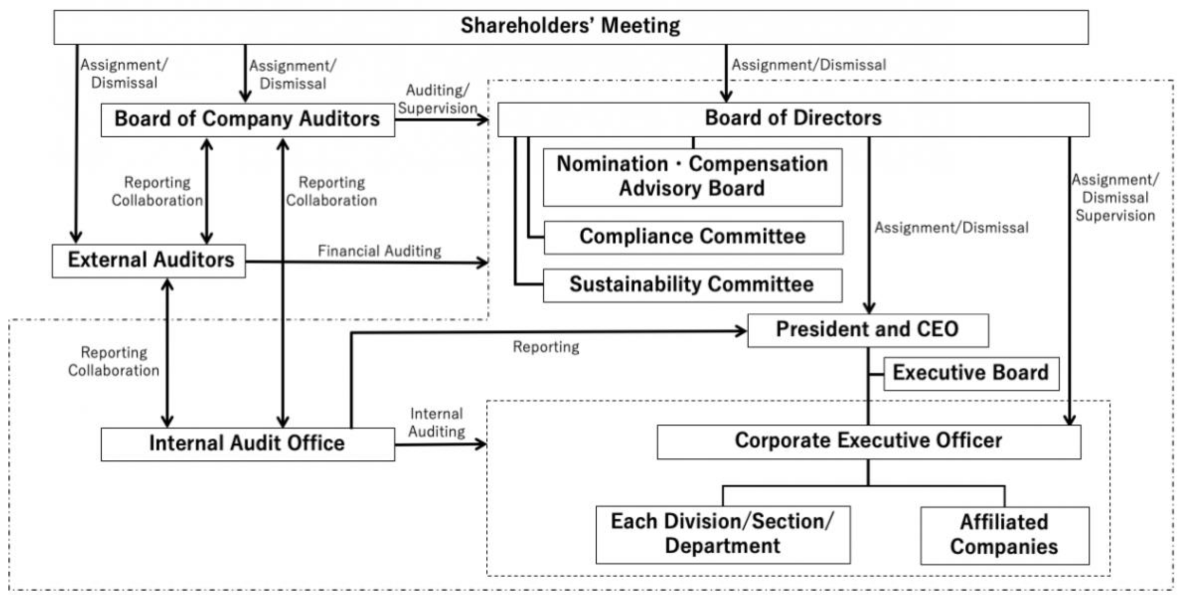
○ The **Sustainability Promotion Office** examines and deliberates on basic policies, important matters, risks and opportunities related to climate change.　In addition, in May 2022, we established the **Sustainability Committee** to examine sustainability, including climate change risks.

○ 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.

○ In fiscal 2024, the agenda items for climate change-related issues will be reported to the Board of Directors after deliberation by the Sustainability Committee, including: (1) the measurement results of our total CO_2 emissions for fiscal 2023 (Japan non-consolidated) and an analysis of the factors behind increases and decreases in each scope/category; (2) the achievement status of climate change-related targets (KPIs); (3) the progress of measures for climate change-related issues; (4) reports on the Act on the Rational Use of Energy (“Sho-ene Ho”) and the Act on Promotion of Global Warming Countermeasures (“Ontai Ho”), responses to CDP; and (5) the extraction of "risks" and "opportunities" through scenario analysis in accordance with the TCFD recommendations, an annual review of impact assessments, and revisions to disclosure content.

【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.

○ 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.

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

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

Major Risks and Opportunities and Responses Related to Climate Change

scenario	factor	change	Risk/Opportunity	Impact on us	Our measures
2℃	Introduction of carbon tax	Increase In procurement costs	RISK	●The introduction of a carbon tax will increase the manufacturing cost of purchased products, which will increase our procurement costs.	☐Promoting appropriate procurement by improving supply and demand forecasts and inventory management. ☐Strengthen cooperation with suppliers and reduce procurement costs.
			RISK	●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.	☐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.
			RISK	●If the impact of carbon taxes, etc. affects product prices, there is a possibility that customer support will be affected.	☐Reduce the impact of the carbon tax on our company by promoting energy saving and actively utilizing renewable energy.
	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	OPPORTUNITY	●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	OPPORTUNITY	●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. ・Organic cotton ・Recycled fiber ・Regenerated fiber, etc.
	Strengthening decarbonization efforts by developers	Stricter occupancy conditions from an environmental point of view	RISK	●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.	□We will further promote initiatives to reduce the environmental impact within our stores. ・Reuse of materials and active use of environmentally friendly materials ・Switching plastic shoppers to paper/recycled paper, etc.

		Strengthening efforts to reduce environmental impact	OPPORTUNITY	●Attention to environmental considerations is increasing, such as the emergence of commercial facilities specializing in tenants working to reduce environmental impact. ●Promoting environmentally friendly initiatives may lead to store openings and the acquisition of new customers.	☐We will grow businesses such as the green business "Shelter Green" to further promote our sustainability efforts. ☐Active participation in decarbonization initiatives promoted by developers.

scenario	cause	change	RISK/ CHANCE	Impact on us	Our measures
4℃	Intensification of weather disasters	Increased risk of supply chain disruption	RISK	●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. ●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.	☐Promote disaster countermeasures at our own logistics bases. ☐Strengthen cooperation with suppliers regarding disaster countermeasures, develop new suppliers, consider decentralization, and develop a stable procurement system.

		Intensification of flood	RISK	●The impact on store operations is expected due to the increase in store inundation due to flooding and the expansion of damage.	☐In addition to promoting disaster countermeasures at each store, we will strengthen the system for more smoothly collecting information and planning countermeasures.

【Status of efforts toward “Our measures”】

① **Increase in procurement costs due to introduction of carbon tax / Strengthening decarbonization efforts by developers**

After calculating CO_2 emissions and setting specific reduction targets , we are promoting the use of LED lighting in stores and headquarters, and the conversion of electricity used in headquarters, warehouses, and stores to renewable energy.

This fiscal year, in addition to the Higashi-Matsuyama DC, we have introduced virtually non-fossil fuel electricity usage at our headquarters building since September, reducing CO_2 emissions by approximately 210 tons.

In addition, in response to the decarbonization efforts promoted by developers, we are gradually progressing toward de-fossilization of electricity at our stores by purchasing De-fossilization certificates (purchase of environmental value) from developers.

② **Growing demand for information disclosure from outside**

We have established a system to respond to external disclosure requests, such as information disclosure in accordance with the TCFD and responses to CDP questionnaires, and are implementing appropriate disclosure.　This year, we received a B- rating for CDP (Climate Change).

③ **Changes in customer values**

We have set numerical targets for the percentage of clothing made from environmentally friendly materials, and each division plans and develops products with these targets in mind.　We will continue to promote business development in response to the increasing attention to products that actively use recycled and organic materials.

3． Risk management

〇 As part of the climate change risk management process, we conduct an annual review of climate change-related risks/opportunities from the perspectives of "current regulations," "new regulations," "technology," "market," and "reputation," etc.　And through the Sustainability Committee, we will analyze climate change risks, formulate and promote countermeasures, and manage progress.　(Although we conducted a review of climate-related risks/opportunities again this year, no new risks/opportunities were identified.)

〇 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

〇 The calculation results of our company's CO_2 emissions for FY2024 and FY2023 are as follows.

CO_2 Emissions

SCOPE/CATEGORY		FY2024 Emmitions [t -CO2]	FY2024 Proportion [%] Scope3	FY2024 Proportion [%] Scope1,2,3	FY2023 Emmitions [t -CO2]	FY2023 Proportion [%] Scope3	FY2023 Proportion [%] Scope1,2,3	Change [t -CO2]
SCOPE1+2+3		**134,363**		100.0%	**147,347**		100.0%	**-12,984**
SCOPE1	**(Direct Emmition)**	**474**		0.4%	**222**		0.2%	**252**
SCOPE2	**(Indirect emissions associated with energy use)**	**2,851**		2.1%	**3,309**		2.2%	**-458**
Category1	Purchased products/services	118,215	90.2%	88.0%	128,010	89.0%	86.9%	-9,795
Category2	Capital goods	5,679	4.3%	4.2%	7,670	5.3%	5.2%	-1,991
Category3	Fuel and energy related activities not included in Scope 1 and 2	592	0.5%	0.4%	590	0.4%	0.4%	2
Category4	Transportation, delivery (upstream)	2,379	1.8%	1.8%	3,039	2.1%	2.1%	-660
Category5	Waste from business	241	0.2%	0.2%	333	0.2%	0.2%	-92
Category6	Business trip	505	0.4%	0.4%	467	0.3%	0.3%	39
Category7	Employer's commute	506	0.4%	0.4%	486	0.3%	0.3%	20
Category8	Lease assets (upstream)							
Category9	Transportation, delivery (downstream)	3	0.0%	0.0%	3	0.0%	0.0%	-1
Category10	Processing of sold products							
Category11	Use of sold products							
Category12	Disposal of sold products	1,437	1.1%	1.1%	1,632	1.1%	1.1%	-195
Category13	Leased assets (downstream)							
Category14	Franchise	1,483	1.1%	1.1%	1,587	1.1%	1.1%	-104
Category15	Investment							
SCOPE3	**(Indirect emissions from the value chain)**	**131,039**	100.0%	97.5%	**143,816**	100.0%	97.6%	**-12,778**

※ Scope of calculation: Baroque Japan Limited (non-consolidated)
Emission coefficient: Emission intensity database for calculating greenhouse gas emissions, etc. of an organization through the supply chain (Ver.3.5)
LCI database IDEA Version 2.3 and 3.4.1 Research Laboratory for IDEA, AIST
It may change depending on the calculation and analysis methods required by the market and future refinement. (The calculated value for fiscal year 2023 has been recalculated due to a review of the logic.)

○ Based on the calculation results of CO2 emissions, we have set the following sustainability-related Targets.

(1) Manufacturing without over-producing

・Zero final remaining inventory disposal, zero incineration (FY2030)

(2) Reduction of CO_2 emissions

・SCOPE 1, 2 : Reduce CO_2 emissions by 50% by 2030 (compared to FY2023)

・SCOPE 3 : Reduce CO_2 emissions per item of clothing by 20% by 2030 (compared to FY2023)

(3) Effective use and reuse of resources/realization of earth-friendly production

・Raise the proportion of clothing made from environmentally friendly materials to 50% or more by FY2030 (number of products)

Results for FY2024 are as follows,

(1) 47 tons

(2) SCOPE 1, 2 ： 5.8% reduction (compared to FY2023)

SCOPE 3 ： 4.2% reduction (compared to FY2023)

(3) 10.3%.

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