

Onward Group
Disclosure of information in line with TCFD recommendations

Formulated in September 2023

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The Onward Group promotes sustainable management in harmony with the earth based on our mission statement, "Enriching and adding color to people's lives while caring for the planet" an important theme that forms the basis of our corporate activities.

Recognizing that environmental issues, particularly climate change, have become increasingly serious around the world in recent years, they are top priority in our group's business activities, and in 2022 we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We will continue to proactively address climate change and disclose information in order to coexist with the earth and promote business activities that are connected with the future.

Governance

The Group has been running a Sustainability Committee, headed by the President and CEO, to promote specific sustainability initiatives since 2021.

The committee members consist of the presidents and personnel responsible for sustainability of each group company to promote information-sharing and progress management on climate change issues across the entire group.



Risk management

The issue of climate change poses various risks to our group, but we believe that managing these risks in advance and responding appropriately to them will also provide opportunities for sustainable growth in our business activities.

The Sustainability Committee takes the lead in analyzing in detail how climate change affects our business activities, sharing risks with each group company, and considering and promoting initiatives.

Strategy

The Group identifies the risks and opportunities that climate change poses to its business activities and conducts scenario analyses of how to respond to these risks and opportunities. Referring to the recommendations of the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), the scenario analysis assumed two worlds: one in which the world steadily implements climate change measures and a temperature rise is limited to less than 2°C, and the other in which temperatures rise 4°C or more due to insufficient measures.

Using 2030 as a baseline, we analyzed the impact of policies, regulations, technologies, markets, and reputations on business in the process of achieving this in the below 2°C scenario, and the impact of acute and chronic changes in weather conditions and disasters associated with rising temperatures in the 4°C scenario.

Scenario analysis in line with the Onward Group's TCFD framework

The magnitude of the impact on the business is shown in three levels (the slope of the arrow represents the trajectory).

The impact on the Onward Group's business is expected to be significantly large.
 Assumed to have a somewhat larger impact on the business of Onward Group
 Assumed to have a negligible impact on the business of Onward Group



Risk and opportunity classification	Factor	Onward Group's risks and opportunities		Countermeasures	Business impact		
		Risk	Opportunity		Less than 2° C	4° C	
Migration risk	Policy Regulation Technology	<ul style="list-style-type: none"> Introduction of (carbon pricing) Fines for failure to respond to climate change Expansion of renewable energy sources Stricter plastic regulations Clothing recycling tax (and introduction of disposal regulation law) 	<ul style="list-style-type: none"> Reduced profit due to carbon tax (carbon pricing) Increased costs due to the introduction of renewable energy Increased logistics costs due to stronger GHG emissions controls Decrease in sales of plastic products 	<ul style="list-style-type: none"> Reduction of energy consumption through introduction of new technologies Progress in improving the efficiency of logistics Increasing demand for recycled plastic products Reduction of inventories through appropriate production Creating new businesses through increased collection of clothing 	<ul style="list-style-type: none"> Reducing GHG emissions by promoting sustainable management Introduction of energy-saving equipment (LEDs, etc.) at stores and business sites Strengthening measures in cooperation with government and industry groups Phasing in of renewable energy Increasing the efficiency of transportation by expanding bulk distribution Switching to products using recycled plastics and development Manufacturing without waste by strengthening build-to-order production Expand collection of clothing through the Onward Green Campaign 	↑	↗
	Reputation	<ul style="list-style-type: none"> Sustainable management becomes a decision tool for investors Stricter disclosure of sustainable indicators Increasing demand for solutions to environmental and social issues 	<ul style="list-style-type: none"> Negative impact on investments and loans due to a decline in ESG ratings Changes in consumer preferences and reduced demand for products and services Impacts on corporate image and human resource recruitment due to inadequate response 	<ul style="list-style-type: none"> Strengthen management structure by incorporating ESG investments Increasing demand for environmentally conscious products and services Enhancing corporate image and securing human resources through sustainable management 	<ul style="list-style-type: none"> Strengthening the dissemination of sustainable management Ensure appropriate and timely disclosure of information Thorough plant audits and quality control 	↗	→
	Market	<ul style="list-style-type: none"> Identification with environmentally conscious products and services Growing interest in the circular economy 	<ul style="list-style-type: none"> Decreased willingness to purchase products other than environmentally conscious products Refraining from buying due to growing awareness of circular economy 	<ul style="list-style-type: none"> Improve profitability through development of environmentally friendly products/brands Expanding the 3Rs (reduce, reuse, and recycle) of clothing recycling for a circular economy Creating services in response to the circular economy Increasing demand for high-value-added products that can be worn for a long time 	<ul style="list-style-type: none"> Expansion of environmentally conscious products and brands Expand collection of clothing through the Onward Green Campaign Strengthen proposals for new services (3R/upcycle, etc.) 	↑	↗
Physical risk	acute chronic	<ul style="list-style-type: none"> Increase in natural disasters due to climate change Changes in sea level rise and rainfall due to climate change Average temperature increase due to climate change 	<ul style="list-style-type: none"> Damage due to suspension of store operation and store closures due to natural disasters Rising raw material costs due to bad weather Disruption of production plants and distribution routes due to natural disasters Decrease in demand for products other than climate change products 	<ul style="list-style-type: none"> Increasing demand for disaster prevention and protective apparel Increasing demand for climate change products and services 	<ul style="list-style-type: none"> Establishing a system to disperse production bases in preparation for disasters Formulation of disaster-prevention manuals and reinforcement of supply chain coordination Strengthening climate change products and services Expansion of product lines using functional materials 	↗	↑

Indicators and targets

As part of our efforts to address climate change, we monitor greenhouse gas emissions (Scope 1, 2, and 3) and promote actions to reduce greenhouse gas emissions in conjunction with each group company, led by the Sustainability Committee.

[Changes in Onward Group greenhouse gas emissions from FY02/20 to FY02/22]

*Total of domestic consolidated group companies

		FY 02/20	FY 02/21	FY 02/22	FY 02/23	Compared with FY02/23 : FY02/20	
		GHG emissions (t-CO ₂)	GHG emissions (t-CO ₂)	GHG emissions (t-CO ₂)	GHG emissions (t-CO ₂)	Reduction (t-CO ₂)	Contrast (%)
Scope 1	Emissions from fuel use	2,187	1,182	1,553	1,233	-954	56.4%
Scope 2	Adjusted emissions from electricity use	11,547	9,841	8,895	6,352	-5,195	55.0%
Scope 3	Emissions from business activities other than Scope 1 and 2	230,687	171,920	177,123	181,250	-49,437	78.6%
Total greenhouse gas emissions		244,421	182,943	187,571	188,835	-55,586	77.3%

*Refer to the Ministry of the Environment's Emission Intensity Database (Ver. 3.2) for formulating greenhouse gas emissions, etc. of organizations through their supply chains.

*Cat 3, 8, 9, 10, 11, 13, 14, and 15, which are not related to business activities, are excluded from the calculation.

[Onward Group greenhouse gas emission reduction target (compared with FY02/20)]

*Total of domestic consolidated group companies

FY2030 Scope 1 and 2: 50% reduction

FY2030 Scope 3: 20% reduction

FY2050 Scope 1 and 2: Aiming to reduce the real value to 0

Indicators and targets

The Onward Group has identified the promotion of sustainable management in harmony with the earth as an important theme of its medium- to long-term management vision "ONWARD VISION 2030," which was disclosed in 2021.

We aim to realize a low-carbon and recycling-oriented society in order to connect the earth, full of enrichment and color, to the future.

We will promote manufacturing that is friendly to the earth, expand production orders, and conduct sustainable procurement.

Aiming to realize a circular economy, we will promote the collection, recycling, and reuse of products, and actively work to reduce and recycle plastic emissions.

Each of us will actively take action to mitigate climate change and promote business activities that coexist with the earth.

Enriching and adding color to people's lives while caring for the planet