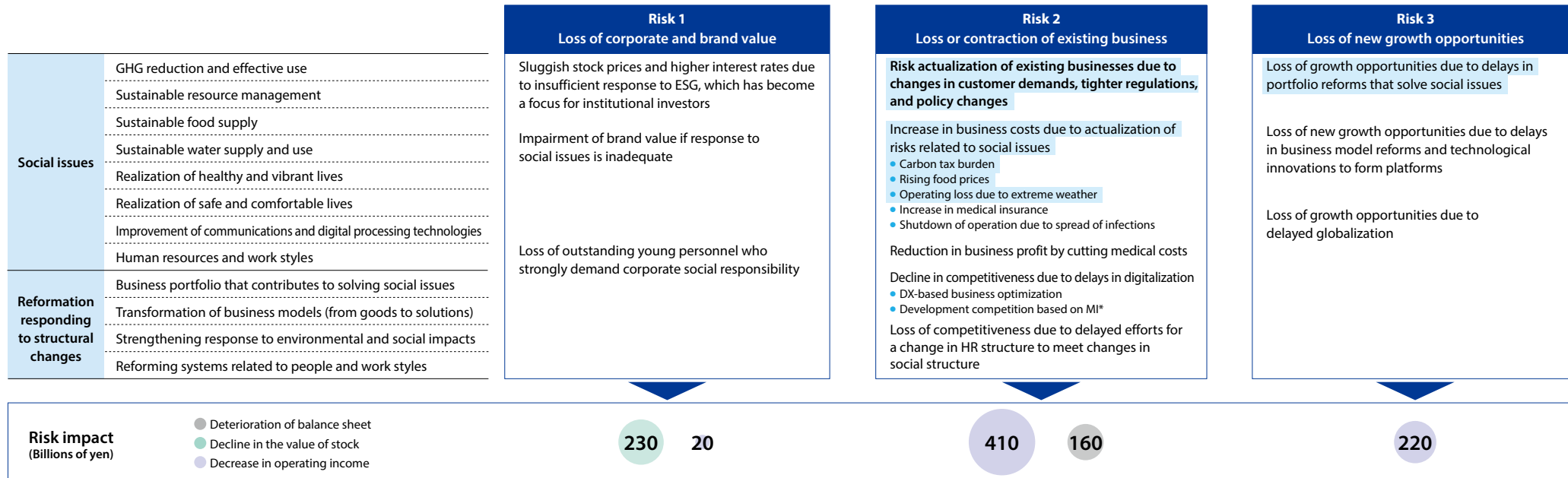


Sustainability

Reporting in Line with the TCFD Recommendations

Evaluation of risk in the case of social issues, including climate change-related issues, being left unmanaged (identified in KV30)

Climate change-related risk



* Materials informatics: AI-based method to design new materials and explore alternative materials rapidly and efficiently.

Overview of risk based on scenario analysis (focusing on risks with a heavy impact)

Risks recognized	Outline of risk based on the scenario*	Impact on MCG	Response to potential risk
Regulation of usage of plastic-products	Decreased demand for virgin petrochemical products due to an increase in the plastic collection rate	Reduced demand for petrochemical products	Focus on businesses that contribute to achieving carbon neutrality
Rise in carbon price	Increase in operating costs due to a carbon price rise	Rise in operating costs	GHG emissions reduction in line with the basic policy for realizing carbon neutrality
Operating loss due to extreme weather	Increased impact on manufacturing sites due to increased flood risk in Asia	Shut-down of plant operations in coastal areas due to disaster	Measures to prepare for major natural disasters to minimize damage and ensure business continuity

* Based on the World Energy Outlook (WEO) Sustainable Development Scenario (SDS) and other sources:

The SDS scenario is one outlined by the International Energy Agency (IEA) in line with the Paris Agreement target, where the global mean temperature rise compared to pre-industrial levels is kept to well below 2°C, with efforts to reduce it to 1.5°C.