

Climate Change

Climate Change Initiatives

JRE believes that climate change is more than an environmental issue. We also believe that it bears a major influence on social and industrial structures, and therefore greatly impacts our business activities. To maintain sustainable and stable earnings over the long term and overcome the wave of oncoming changes

stemming from climate change, it is important that we evaluate the risks and opportunities that climate change presents, and reflect them in our operational policies and asset management accordingly.

Global Trends

Global Trends in Climate Action

The Paris Agreement is an international framework adopted in 2015 and signed by 197 countries, with the goal of limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit it even further to 1.5°C. It also aims to achieve net zero greenhouse gas (GHG) emissions by the second half of this century. To achieve these goals, efforts are being made and regulations are being strengthened in many countries and regions and in every industry, aimed at reducing emissions. Furthermore, the possibility of even stronger regulations for reducing emissions has been also discussed.

The fact of the matter is that climate change (global warming) was already underway in the latter half of the 20th century, according to the Intergovernmental Panel on Climate Change (IPCC)*. This is starting to become apparent through a growing frequency of heatwaves as well as heavy rain and other natural disasters. We are expected to respond to these and other physical risks of climate change as a major issue, as they may bear a strong influence on business.

* The IPCC Special Report on Global Warming of 1.5°C, published by the IPCC in 2018.

Supporting the TCFD Recommendations

The Task Force on Climate-related Financial Disclosures (TCFD), launched in 2016, has discussed and made recommendations on how financial institutions and companies should disclose information pertaining to the impact that the above effects of climate change will have on business. At present time, the TCFD recommendations have received worldwide support from a great number of financial institutions, companies, investors, and governments.

JRE-AM became a supporter of the TCFD in June 2019. As a supporter, JRE-AM is now evaluating the risks and opportunities that climate change presents to all of our business and promoting disclosure of climate-related information to our stakeholders.



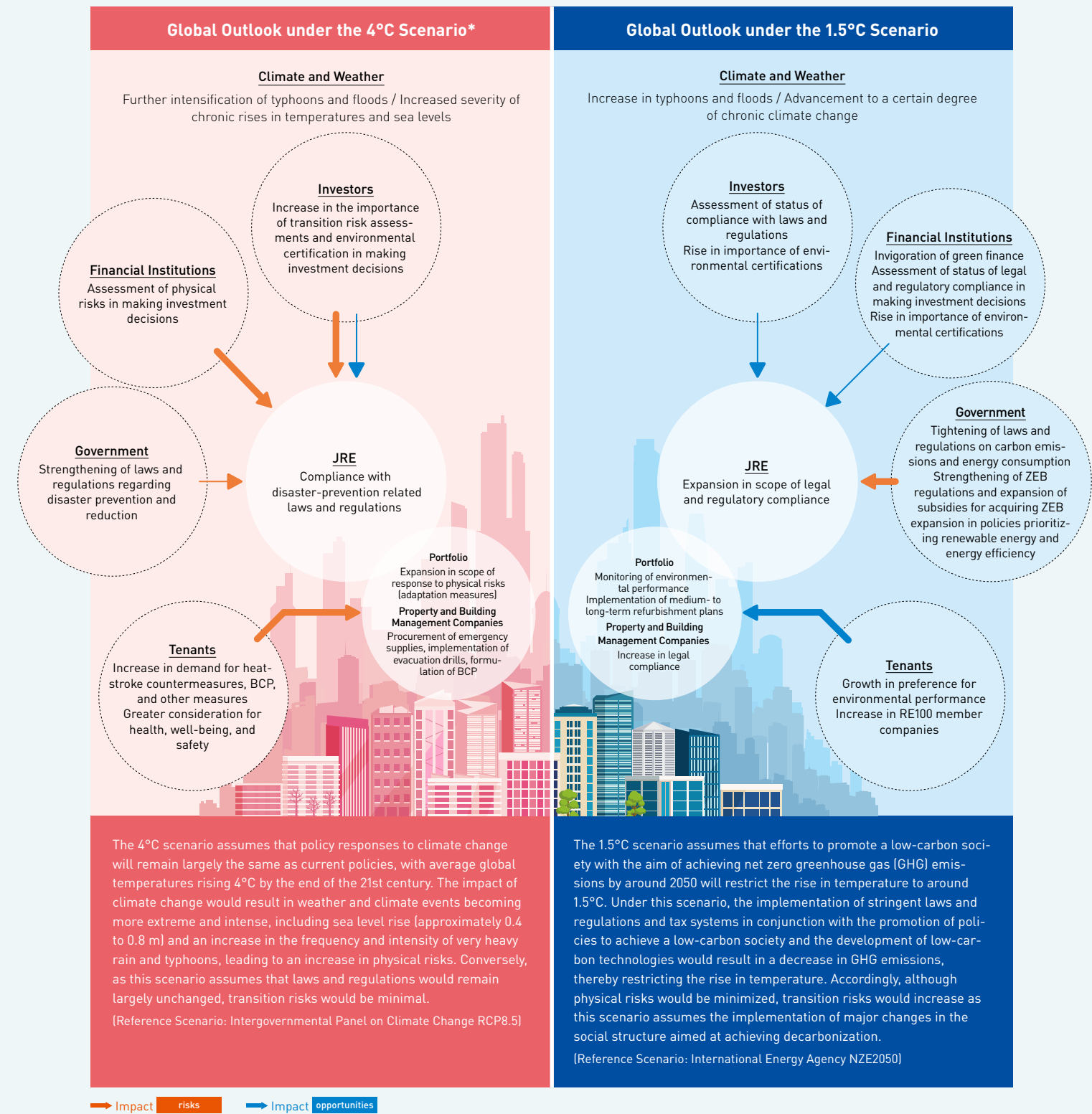
Governance Related to Climate Change

JRE-AM convenes its Sustainability Committee, chaired by the President & CEO of JRE-AM. The committee determines risks and opportunities related to climate change and investigates and decides on strategies to address these risks and opportunities.



Scenario Analysis

Using scenarios published by international organizations and other entities that predict the impact of global warming and climate change and of the changes that may occur in the business environment as a result of long-term policy trends in relation to climate change, JRE has examined how its businesses could be affected.



* Reference material: Prediction for Japan by the Japan Meteorological Agency based on Representative Concentration Pathway (RCP) 8.5 (as at the end of the 21st century)

Climate change	Compared with the end of the 20th century
Annual average temperature	Rise of approx. 4.5°C
Occurrence of very heavy rain (200 mm per day) (days per year)	Approx. 2.3 times
Occurrence of violent showers (50 mm per hour) (times per year)	Approx. 2.3 times
Sea level	Rise of approx. 0.71 m

Climate change	Compared with the end of the 20th century
Sea-surface temperature	Rise of approx. 3.58°C
Typhoons	Increase in intensity

Source: Climate Change in Japan 2020 - Report on Observations and Projections Assessment on Atmosphere, Land, and Oceans, Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the Japan Meteorological Agency (JMA)