



The Need to Transition to a Nature Positive Economy: Free from the socioeconomic disruption risks

Dependence of economic activities on natural capital and its loss is a clear risk for socioeconomic sustainability

Inappropriate use of water resources and chemical releases have resulted in some companies suffering financial losses, including declines in stock prices. Source: When the Bee Stings (BloombergNEF2023)

Transition to nature-positive (NP) management is necessary to make socio-economic activities sustainable.

= Management that positions the concept of conservation of natural capital as a materiality.

Go one step beyond CSR initiatives and incorporate reduction of dependence on and impact of natural capital into our core business

Aim of this strategy: To show that it is not just a cost increase but also an opportunity -

Nature-positive economy (NPE): An economy in which individual companies shift to NP management, minimize their impact on the value chain, and maximize their contribution to nature through their products and services, and through a shift to a society in which consumers and markets evaluate the efforts of these companies. An economy in which the flow of funds has been reformed through a combination of initiatives by various actors, including government and citizens, as well as the incorporation of nature considerations and valuations. This strategy includes:

- (1) specific examples of the company's value creation process and business opportunities, (2) Factors that companies should keep in mind when transitioning to nature-positive management, (3) Backup through national policies

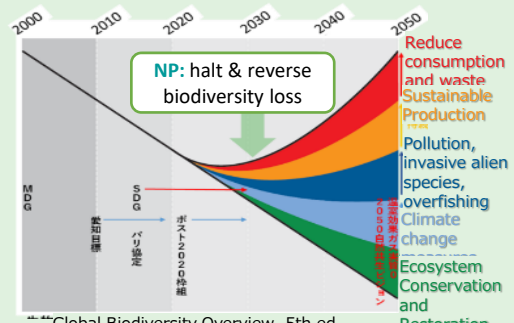
(1) Specific examples of corporate value creation processes and business opportunities

Enhance corporate value through disclosure of TNFD and other information

Risk response with an intention of disclosure, thereby improving resilience and sustainability of the firm, which will be evaluated by the market and society, thereby attracting private capital and increasing corporate value.

Examples of business opportunities & market size (MoE estimates)

Creating opportunities from various angles, such as decarbonization, resource recycling, and the use of natural capital.



(Ex. of business opportunities) Environmentally friendly aquaculture technologies such as conversion to compound feed and efficient feeding (Market size: approx. 86.4 billion yen per year)



(2) Factors that companies should keep in mind when transitioning to NP Management

First is to reduce the negative impact.
After considering avoidance or reduction of negative impact on natural capital, consider initiatives that derives positive impact (Mitigation-Hierarchy)

Step-by-step efforts to reduce overall load are also encouraged.
The goal is to understand and reduce the total project. At the same time, encourage starting from one part of the project while taking into account the relationship with natural capital.

Value in efforts to speed down losses
Minimize load and maximize contribution at the same time to achieve nature positivity, including the resilience of natural capital.

Creation and fulfillment of consumer needs
Provide the market with products and services that contribute to nature positivity by appropriately identifying and creating consumer needs.

Contributes to increased regional value as well
Nature Positive Management contributes to local biodiversity conservation and resolution of local issues

See "Guidelines for Private Sector Engagement in Biodiversity (Version 3)" (released in April 2023) for details and examples of sector-specific initiatives (Also available in English).

Post-transition picture (2030) - The foundation of a prosperous society based on natural capital and beyond GDP

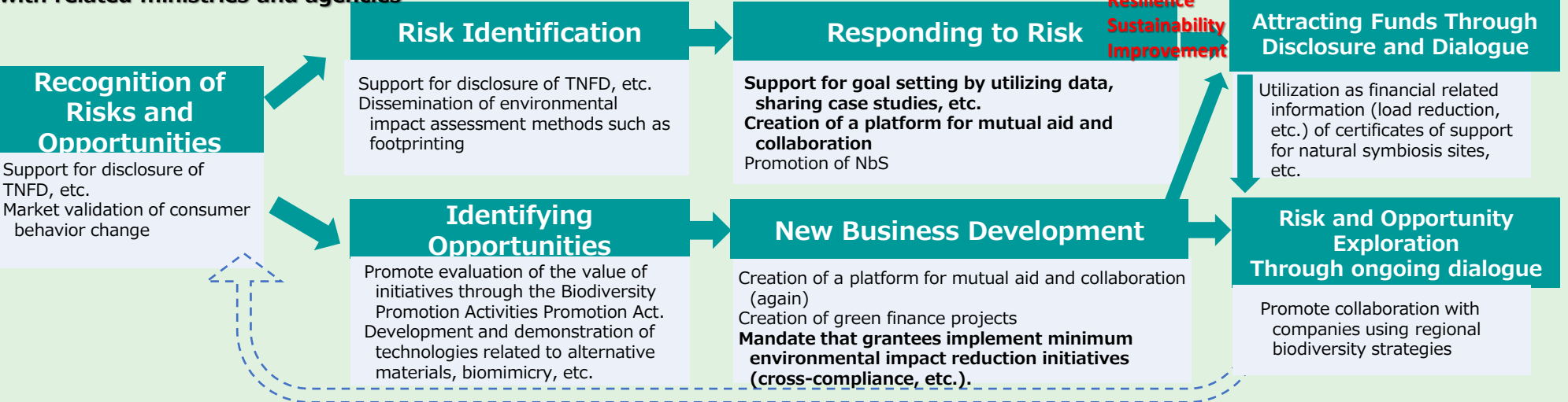
- 50%* of large companies are in nature-positive management.**
*Percentage of corporate members that have reports or decisions on biodiversity at board of directors meetings or management meetings (Ministry of the Environment estimate). Currently 30% (FY2022, from Keidanren survey).
- Number of Nature Positive Declaration* organizations reaches 1,000**
The Japan Council for the Realization of the 2030 Biodiversity Framework (J-GBF, Chairman: Keidanren Chairman Tokura) is currently calling for the launch of the J-GBF. Currently 28 organizations. The issuance of declarations by SMEs, local governments, and NGOs will help maintain momentum for initiatives and secure markets.

(3) Backup through national policies

-value creation process of companies in transition to NP management and corresponding national policies -

Supporting each step of the value creation process through collaboration with related ministries and agencies

*Examples of various measures that are specific to environmental issues and common to a relatively large number of industries and fields.



Foundation for the process

- Development of DX / Enhancement of scientific knowledge / Appropriate evaluation by the international community / Fostering and maintaining momentum for initiatives including consumers
- Contribute to the formation of international rules from the Asian monsoon region, including Japan, while forming a network related to nature-related international data necessary for corporate risk identification and information disclosure, etc.
- Development of a data base for nature-related information on national land
- Quantify local natural capital and ecosystem services, and study measures to utilize them for local development and regional problem solving.
- Promotion of data utilization business using remote sensing and AI technologies, etc.
- Creation of a platform for mutual aid and collaboration, and operation of an industry-government-academia-industry platform