



## 1. Risk Assessment and Management relating to Climate Change

The Company conducted an assessment of significant climate-related risks, impacts, and opportunities affecting its business operations, encompassing both Physical Risks and Transition Risks. This assessment identifies key risk issues, evaluates risk levels, determines the nature of impacts and establishes a timeline for effective risk management planning. The Company intends to develop preventive measures and contingency plans for various situations that may occur and build resilience to potential crises or setbacks. Furthermore, the Company recognizes opportunities arising from the transition to a low-carbon economy. The Sustainability Development Working Group, working with the Risk Management Working Group - comprising representatives from various departments and support units - has jointly analyzed and integrated this information into operational plans, and established goals at both the corporate and departmental levels to ensure clear communication, shared understanding, and consistent policies and practices.

Accordingly, the Sustainability Development Working Group and the Sustainability Development Department of the Company Secretary are assigned responsibility for driving and supporting the implementation of the plan, as well as monitoring progress and reporting directly to the Executive Board and the Board of Directors.



### Strategy for Managing Climate-Related Risks for 2025 <sup>(GRI 201-2)</sup>

Risk Category	Risk Issue	Risk Description	Risk Dimension				Time Horizon	Business Unit	Potential Impact	Management Strategy
			Strategic	Operational	Financial	Regulatory				
Acute Physical Risk	1. Supply chain impacts from natural disasters.	<ul style="list-style-type: none"> <li>Natural disasters, such as droughts and floods, affect transportation systems and the availability of raw material procurement, causing delays in product deliveries and project handovers as scheduled.</li> <li>Occurrences of shortage of raw materials and certain equipment.</li> </ul>	✓	✓	✓		Short Term Medium Term	<ul style="list-style-type: none"> <li>Project-Based Business and Trading Business</li> </ul>	<ul style="list-style-type: none"> <li>Managing financial costs and transportation of goods and raw materials</li> <li>Delays in delivery of work and the scheduled shipment of products and raw materials.</li> <li>Impact on revenue and profitability from supply chain disruptions</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive project cost estimation and contingency planning.</li> <li>Procurement of alternative suppliers or substitute products</li> </ul>



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<b>Transition Risk</b>	2. Technological changes affecting the supply chain.	<ul style="list-style-type: none"> <li>The impact can lead to some product categories becoming obsolete, spare parts becoming scarce, or changes to specific product features. It may also necessitate changes in technology to deliver solutions to customers.</li> <li>The changing technology is driven by customer needs and increasingly stringent regulations focused on energy conservation, environmental protection, and support for greenhouse gas reduction goals.</li> </ul>	✓	✓	✓			Project-Based Business, Trading Business, and Service Business	<ul style="list-style-type: none"> <li>Impact on sales planning, project management, and contract management.</li> <li>Increased operating costs stemming from the need for additional investment in new technologies, or from changes to the features of goods and products, such as research and development for product improvements, etc.</li> <li>Loss of business opportunities and revenue due to the inability to offer solutions that meet customer needs.</li> <li>Impacts on cost structure and long-term business strategies.</li> </ul>	<b>Mid-term</b> <ul style="list-style-type: none"> <li>Effective project management</li> <li>Procurement of alternative suppliers or substitute products</li> <li>Communicating comparable product specifications to build customer confidence.</li> </ul> <b>Long-term</b> <ul style="list-style-type: none"> <li>Review of Business Strategy</li> </ul>
<b>Transition Risk</b>	3. Higher business costs from the transition to a low-carbon society	<ul style="list-style-type: none"> <li>Increased business costs due to the transition to a low-carbon society, compensation for damages resulting from greenhouse gas emissions and evolving legislation and regulations.</li> </ul>	✓	✓	✓	✓		Project-Based Business, Trading Business, and Service Business	<ul style="list-style-type: none"> <li>Increased operating costs due to more stringent sustainability and climate change disclosure requirements.</li> <li>Impacts operational processes that require consideration of reducing or controlling greenhouse gas emissions in order to lower costs associated with offsetting damages caused by those emissions.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor the changing regulatory landscape</li> <li>Establish appropriate sustainability policies, goals, and operational guidelines, taking into account pressing needs and integrating them with business strategies and processes.</li> </ul>



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<b>Transition Risk</b>	4. Energy price volatility	<ul style="list-style-type: none"> <li>Risk from reliance on fossil fuels as the primary energy source for business operations.</li> </ul>	✔		✔		  	Project-Based Business, Trading Business, and Service Business	<ul style="list-style-type: none"> <li>Energy price fluctuations may significantly increase operating costs, impacting the cost of goods and services and profit margins.</li> <li>This impacts budget planning and project pricing.</li> <li>Reliance on fossil fuels may pose a risk to businesses during the transition to clean energy.</li> <li>The energy transition may affect cost structures and business models.</li> </ul>	<p><b>Short-term, Mid-term</b></p> <ul style="list-style-type: none"> <li>Appropriate risk management planning and effective project and operational cost management.</li> </ul> <p><b>Long-term</b></p> <ul style="list-style-type: none"> <li>Review of Business Strategy</li> </ul>
<b>Transition Risk</b>	5. Changes in policies and regulations regarding greenhouse gas emission control	<ul style="list-style-type: none"> <li>As a result of changes in laws and regulations controlling greenhouse gas emissions through mechanisms such as carbon taxes, the Carbon Border Adjustment Mechanism (CBAM), and more ambitious greenhouse gas emission reduction targets announced by relevant regulatory bodies.</li> </ul>	✔	✔	✔	✔	 	Organization	<ul style="list-style-type: none"> <li>The operating cost burden arising from legal and regulatory compliance</li> <li>There is a risk that setting strategies and operational plans that do not align with future policies and regulations could impact opportunities to sell products and services, secure projects, and damage our reputation, potentially leading to legal sanctions.</li> </ul>	<ul style="list-style-type: none"> <li>Regularly monitor changes in relevant regulations to assess potential impacts and risks, and develop appropriate risk management plans.</li> <li>Study internal carbon pricing guidelines</li> </ul>



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Transition Risk	6. Changes in consumer behavior and project acceptance terms.		✓		✓		 	Project-Based Business, Trading Business, and Service Business	<ul style="list-style-type: none"> <li>This can affect the conditions for accepting projects, opportunities to win work, purchasing decisions, and Company revenue.</li> <li>Impact on strategy and business direction</li> </ul>	<ul style="list-style-type: none"> <li>Conduct a survey of stakeholder expectations to define goals and action plans that align.</li> </ul>
			✓			✓	 			

- Short term
- Medium term (1-3 years)
- Long term (More than 5 years)

