DECARBONIZATION INITIATIVES

The Bandai Namco Group believes that measures to address climate change are necessary for the realization of a sustainable society and for business continuity. Accordingly, in April 2021 we formulated the Bandai Namco Group Sustainability Policy and established medium- to long-term targets for the transition to a decarbonized society. In addition, we have commenced the disclosure of information in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and announced our endorsement of these recommendations in September 2023. We also participate in the TCFD Consortium as part of our efforts to collect the latest information on climate change.

Moving forward, we will continue to conduct analyses of the impact of climate change on our business operations as well as of relevant risks and opportunities based on various scenarios. We will also advance measures to strengthen our response to such risks and opportunities and achieve decarbonization.

Governance

Recognizing the importance of social sustainability for its business activities, the Group has established the Group Sustainability Committee, chaired by the president and representative director, to determine and implement sustainability-related activities more quickly. The committee meets semi-annually (twice a year) to discuss measures to respond to climate change as one of the Group's most important agenda items. After considering each measure, the committee helps implement these measures at each Group company. The results of the committee's activities are regularly reported to the Board of Directors, which deliberates the results and provides supervision accordingly. In addition, the Group Sustainability Subcommittee, which is a subordinate organization under the Group Sustainability Committee, is working to promote activities in line with the Bandai Namco Group Sustainability Policy and the Group's material issues.

Strategy

The Group conducted a scenario analysis to assess the impact of climate change-related risks and opportunities.

Scenario Analysis Method

To clarify the impact of climate change on the Group's business operations, we conducted a scenario analysis for 2030 based on the scenarios on the right:

	1.5°C scenario	4°C scenario
Transition risks	IEA Net Zero Emission by 2050 (NZE), IEA Announced Pledges Scenario (APS), IEA Sustainable Development Scenario (SDS)	IEA Stated Polices Scenario (STEPS)
Physical risks	IPCC RCP 2.6	IPCC RCP 8.5

Note: In the absence of information on the 1.5°C scenario, a reference scenario classified under the 2°C scenario is used.

Transition Risks and Opportunities

Items: Risks and opportunities	Items: Category	Items: Subcategory	Anticipated scenario	Time frame*1	Level of Importance*2
Transition Risks	Government/regulations	Introduction of carbon pricing	• Increase in operating costs due to taxes on GHG emissions from the introduction of carbon pricing (i.e., carbon taxes)	Mid to Long Term	Medium
Transition Risks	Government/regulations	Regulations on the use of fossil fuels	• Incurrence of costs associated with efforts to reduce the use of fossil fuels for Company-owned vehicles as well as for freight vessels and trucks of affiliated logistics companies due to the tightening of regulations on the use of fossil fuels • Potential for the in-house transportation of products to become difficult should transportation regulations be enforced	Mid to Long Term	Small
Transition Risks	Government/regulations	Regulations on plastics and resource recycling	• Increase in the costs of introducing biomass plastics and recycled materials in response to plastic regulations • Incurrence of costs to improve manufacturing processes and introduce highly efficient equipment to reduce waste generated during manufacturing, and decrease in sales efficiency due to a temporary increase in manufacturing lead time caused by the review of manufacturing processes	Mid to Long Term	Large
Transition Risks	Government/regulations	Renewable energy and energy conservation policies	• Increase in demand for renewable energy and soaring electricity costs due to the expansion of renewable energy policies • Growing necessity for technological investment to adhere to energy conservation regulations	Short to Long Term	Medium
Transition Risks	Government/regulations	Obligation of information disclosure	• Incurrence of costs associated with measures to calculate GHG emissions from Company-developed products and to disclose information due to requirements for information disclosure on carbon footprint and other matters	Mid to Long Term	Small
Transition Risks	Markets	Fluctuations in raw material costs	• Increase in manufacturing costs due to the soaring prices of plastics and metals used in toys, arcade machines, etc. • Increase in procurement costs of paper resources used for packaging and trading card games amid growing interest in wood materials as an alternative to non-renewable materials • Rise in procurement costs for paper and cardboard used as packaging for goods sold through e-commerce websites	Mid to Long Term	Large
Transition Risks	Markets	Changes in customer behavior	• Contraction in demand for products that are not environmentally friendly resulting from the growing importance of environmental awareness among customers • Requirements for energy-efficient amusement machines to reduce costs at arcades	Short to Long Term	Small
Transition Risks	Reputation	Changes in investor evaluations	• Decline in corporate value and negative impact on fundraising capabilities in the event that investors deem the Company's information disclosure and environmental measures to be insufficient	Mid to Long Term	Large
Opportunities	Markets	Changes in customer behavior	• Acquisition of new customers through digital content and toys (environmental education) created based on the theme of the environment, resulting from the growing importance of environmental awareness among customers	Short to Long Term	Small
Opportunities	Reputation	Changes in investor evaluations	• Improvement in evaluations by investors based on their perceiving the Company to be sufficiently environmentally conscious, leading to increased share prices and new opportunities for fundraising	Mid to Long Term	Large

Physical Risks and Opportunities

Items: Risks and opportunities	Items: Category	Items: Subcategory	Anticipated scenario	Time flame	Level of Importance*2
Physical Risks	Acute	Intensification of abnormal weather (typhoons, heavy rains, landslides, storm surges, etc.)	We anticipate the following issues to occur due to an increase in wind and flood damage resulting from the intensification of abnormal weather: • Increase in disaster prevention/repair costs at Group business sites • Difficulties in procuring raw materials and selling products, resulting in suspended operations • Sales decline in the live events and store operations businesses due to a lower desire to go outside among people • Occurrence of physical injuries to employees • Increase in insurance costs	Short to Long Term	Medium
Physical Risks	Acute	Droughts	• Delays in the manufacture of home console game software, entertainment equipment, and electronic toys stemming from a decline in semiconductor manufacturing volumes due to the impact of drought	Short to Long Term	Small
Physical Risks	Chronic	Rise in the average temperature	We anticipate the following issues to occur due to summer heatwaves caused by a rise in the average temperature: • Sales decline in the live events and store operations businesses due to a lower desire to go outside among people • Increase in air-conditioning costs and other operational costs • Occurrence of health issues among employees	Short to Long Term	Medium
Physical Risks	Chronic	Changes in rainfall and weather patterns	• Decline in sales of outdoor services in the event of an increase in rainy days brought about by changing weather patterns, such as the timing of rainy seasons	Short to Long Term	Small
Physical Risks	Chronic	Impact on raw material cultivation due to a rise in the average temperature	• Higher procurement costs due to an anticipated surge in prices in the event that there are shortages in wheat flour and other raw materials used in candy toys	Mid to Long Term	Medium
Physical Risks	Chronic	Rising sea levels	• Flooding of business sites, such as coastal amusement facilities, due to an increased risk of storm surges from the impact of rising sea levels, resulting in the incurrence of repair costs	Mid to Long Term	Small
Physical Risks	Chronic	Increase in infectious diseases	If infectious diseases that had been prevalent in tropical regions spread northward and newly emerge in Japan and other countries, the following impacts are anticipated: • Cancellation of live events due to an increase in infectious diseases • Decrease in visitors to live events and amusement facilities due to a decline in opportunities to go outside among people stemming from an increase in infectious diseases	Mid to Long Term	Medium
Opportunities	Chronic	Rise in the average temperature	• Increase in demand for digital contents and products such as model kits that can be enjoyed at home due to fewer opportunities to go outside following a rise in the average global temperature • Increased demand for indoor services as outdoor activities decline due to rising global temperatures	Short to Long Term	Medium
Opportunities	Chronic	Changes in rainfall and weather patterns	• Expansion in sales of at-home entertainment due to reduced opportunities to go outside in the event that the number of days with heavy rain increase due to changes in weather patterns	Short to Long Term	Medium
Opportunities	Chronic	Increase in infectious diseases	• Increase in sales of at-home entertainment in the event that infectious diseases from tropical regions spread northward and emerge in Japan and other countries, resulting in a decrease in opportunities to go outside	Mid to Long Term	Large

*1: Short term: 0–1 year; Medium term: Up to 5 years (around 2030); Long term: Beyond medium term

*2: High: Financial impact of ¥5 billion or more, Medium: Financial impact of ¥100 million or more but less than ¥5 billion, Low: Financial impact of ¥100 million or less

Note: On the Bandai Namco Group Sustainability website, we also disclose the relevance of risks and opportunities for each business.

Risk Management

The Group discusses risks and opportunities related to sustainability at meetings of the Group Sustainability Committee, through which it identifies the material issues that the Group should address and promotes sustainability initiatives on a Groupwide basis. In identifying and assessing climate-related issues within its businesses, the Group conducts scenario analyses to evaluate potential future financial impacts. For this evaluation, the Group estimates the impact of each risk and opportunity at both the Groupwide and business-unit levels, using future projections published by external organizations such as the IEA and IPCC together with the Group's business activity data. The estimated impact amounts are then compared with operating profit at the business-Unit level to assess the degree of relevance for each business. At the same time, the total impact on the Group as a whole is taken into account to determine overall material issues from a companywide perspective.

In promoting sustainability initiatives, the Group Sustainability Committee collaborates with the Group Risk Management Committee and the Group Compliance Committee, both of which oversee the Group's crisis management framework, as well as with individual Group companies(for more details, please refer to page 124). Each Group company implements initiatives aligned with material issues in accordance with the characteristics of its businesses. The results of these initiatives are analyzed annually on both a Groupwide basis and by business segment, and the findings are used to improve initiatives in subsequent fiscal years. These analyses are discussed at meetings of the Group Sustainability Committee and reported to the Board of Directors, which, when necessary, holds deliberations on the results and provides supervision accordingly.

Indicators and Targets

The Group has established indicators for greenhouse gas (GHG) emissions so that it can evaluate and manage the progress of its ESG management and the impact of policy risks and other risks pertaining to climate change. As a medium-term target, the Group has adopted a 50% reduction in energy use-derived CO_2 emissions at Group business sites by 2030 compared with FY2020.3. Furthermore, we have set forth the target of achieving net-zero emissions at our business sites (offices, Company-owned factories, directly operated amusement facilities, etc.) by 2050. Going forward, we will strive to further promote energy conservation initiatives, introduce renewable energy and carbon credits, and other initiatives with a view toward achieving these targets.

Medium- to Long-Term Targets for Decarbonization

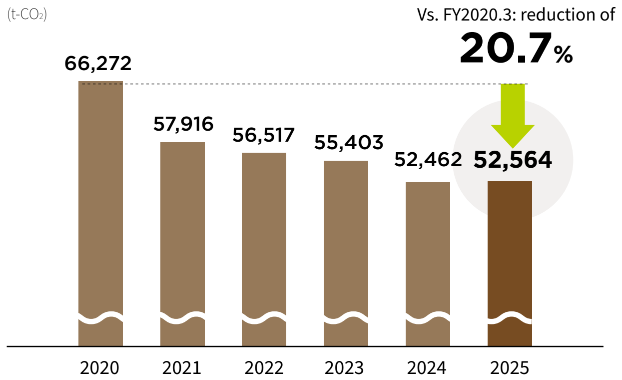
Amount of energy use-derived CO_2 emissions at Group business sites*

Medium-term target for 2030	Medium-term target for 2035	Target for 2050
50% reduction compared to FY2020.3	**65%** reduction compared to FY2020.3	Net zero

* Offices, company-owned factories, directly operated amusement facilities, etc.

Bandai Namco Group CO_2 Emissions (Scope1+Scope2)

*Net emissions



Fiscal years ended March 31

Notes:
1. The amount of renewable energy used (purchased) for FY2022.3 is included in the total for non-renewable energy.
2. For figures excluding Scope3 emissions, limited assurance or review by a third party has been conducted.
3. The Scope3 targets include BANDAI CO., LTD., BANDAI SPIRITS CO., LTD., Bandai Namco Entertainment Inc., Bandai Namco Filmworks Inc., and Bandai Namco Amusement Inc.
4. Past figures may be retroactively revised based on a thorough examination of tabulation results.
5. Scope3 emission amounts by category and their calculation methods can be found on our corporate website.

Supply Chain CO_2 Emissions (Scope3)

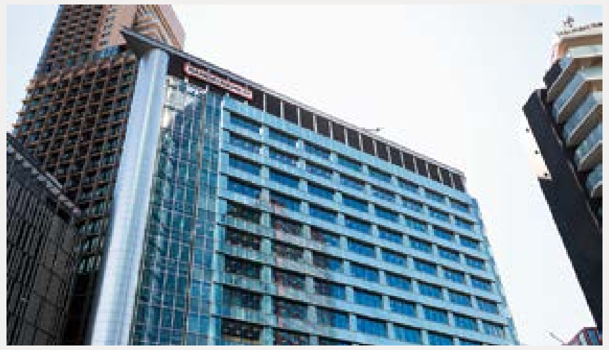
(t-CO_2)		FY2024.3	FY2025.3
Scope3		1,202,209	1,325,924
Category 1	Purchased goods and services	636,698	677,843
Category 2	Capital goods	110,312	159,552
Category 3	Fuel- and energy-related activities not included in Scope1 and 2	5,490	6,113
Category 4	Upstream transportation and distribution	9,174	12,629
Category 5	Waste generated in business operations	2,931	4,184
Category 6	Business travel	8,817	9,102
Category 7	Employee commuting	837	902
Category 8	Upstream leased assets	Not applicable	Not applicable
Category 9	Downstream transportation and distribution	2	4
Category 10	Processing of sold products	Not applicable	Not applicable
Category 11	Use of sold products	12,284	5,979
Category 12	End-of-life treatment of sold products	415,664	449,616
Category 13	Downstream leased assets	Not applicable	Not applicable
Category 14	Franchises	Not applicable	Not applicable
Category 15	Investment	Not applicable	Not applicable

Examples of Initiatives Toward Decarbonization

Proactively Introducing Renewable Energy at Group Company Bases

Targeting decarbonization, we are advancing the conversion to electricity derived from renewable energy sources at major bases of Group companies.

We have converted to electricity derived from renewable energy sources for all of the electricity used at certain major Group company bases, including the Bandai Namco Mirai Kenkyusho, Bandai head office building, Bandai Namco Experience Inc., / Bandai Namco Amusement Inc. head office building, Bandai Namco Studio Inc., head office building, Bandai Hobby Center—a model kits production factory of Bandai Spirits Co., Ltd.—as well as the nationwide logistics centers of Bandai Logipal Inc. and Logipal Express Inc. As a result, we have achieved net-zero CO_2 emissions from office operations, reducing annual CO_2 emissions by more than 8,000 t-CO_2 in FY2024.3 at these bases.



Bandai Namco Mirai Kenkyusho

Introducing Solar Power Generation

Bandai Spirits Co., Ltd. has installed 1,080 solar panels at the model kit production factory BANDAI HOBBY CENTER PLAMO DESIGN INDUSTRIAL INSTITUTE (BHCPDII). Combined with the solar panels installed at the Main Building, the company has introduced solar power generation facilities with a total of 1,858 solar panels at the Bandai Hobby Center, with the aim of having the center become self-sufficient in electricity through solar power generation. In addition, Bandai Namco Craft Inc., Kanto-Base and Heart Corporation headquarters factory have also introduced solar power generation facilities. We are working toward achieving electricity self-sufficiency through solar power at these locations as well. The total electricity generated at these three sites is approximately 730,000 kWh,* and the expected annual reduction in CO_2 emissions is around 350 t-CO_2.

* Calculated by the solar cell power generation quantity calculation method based on JIS 8907

Bandai Hobby Center

Heart's headquarters factory

Revamping Standards for Environmentally Conscious Design

Since 2012, Bandai Namco Experience Inc. has delivered environmentally friendly designs for its proprietary arcade machines. In November 2024, the company updated its design standards. Under these updated standards, all machines planned, developed, and produced by Bandai Namco Experience are required to be environmentally friendly in accordance with the three principles of Reduce, Reuse, and Recycle. Those with particularly outstanding energy-saving performance are now designated as Eco Amusement Machines and will bear the Eco Amusement Machine Label to signify their sustainability. In December 2024, the first Eco Amusement Machine, CLENA GRAND commenced operations at arcades across Japan.