

and ST HD Group Environmental Policy

and ST HD Group collaborates with all stakeholders to promote environmentally conscious business practices. This document outlines our philosophy on the environment, applicable to all business areas in which we are involved, both in Japan and overseas.

1. Commitment to the Environment

Objectives

- **Transition to Sustainable Raw Materials and Processing**
To switch over half of all products to sustainable raw materials and processing by 2030.
- **Reduction and Sequestration of CO2 Emissions**
To achieve carbon neutrality by 2050.
- **No Incineration of Apparel Inventory**
To achieve zero incineration disposal of apparel inventory.

We establish environmental goals related to our business, set measurable indicators, and evaluate progress. If new environmental impacts are identified, we will set new goals and indicators. We aim to achieve these goals while complying with laws and regulations related to environmental protection and sustainable development, with the cooperation of internal and external stakeholders involved in our business.

2. Compliance with Laws and Regulations

We will keep up-to-date with and comply with environment-related laws and regulations stipulated by the countries, regions, and public institutions where we operate. We will monitor the compliance status of partners throughout the Group's supply chain and take appropriate measures.

3. Sustainable Resource Utilization

In the selection of resources and materials for product design, including packaging materials, we consider the use of materials with low environmental impact and recycled materials. In terms of resource efficiency, we strive to reduce waste in production processes and promote the efficient use of resources.

4. Improving Energy Efficiency

We will consider energy-saving activities and the introduction of equipment to reduce energy consumption and improve consumption efficiency, taking into account the environmental

impact of our business activities. We will regularly monitor energy usage and formulate and execute optimal energy efficiency plans. Furthermore, for products and services, we will consider environmental impact as one of the key elements in planning and design. We prioritize operating in buildings that contribute to environmental considerations such as decarbonization.

5. Waste Management

We will reduce fashion loss by abolishing excessive packaging in each stage of the supply chain, designing products and services with a life-cycle perspective, and conducting environmentally and socially conscious sales activities. Waste generated from our business will be sorted in compliance with Laws, and we will build mechanisms to execute reuse and recycling within the business as much as possible.

6. Pollution Prevention

We will strive to prevent and reduce water and air pollution in production processes, such as dyeing and finishing, primarily at production partner factories. We will strictly manage the chemical substances used in these processes to minimize environmental impact. With the cooperation of our business partners, we will prevent the leakage of hazardous chemical substances in products and production processes, thereby safeguarding the health and safety of customers, employees, and all partners involved with our company.

7. Climate Change Measures

We will take necessary measures through our business to suppress global warming and climate change-related disasters, and contribute to the maintenance and improvement of a better environment. To reduce the total greenhouse gas (such as carbon dioxide: \$CO_2\$) emissions from our entire business, we will formulate medium- to long-term adaptation scenarios and strategies, and secure the necessary management resources to implement these measures. In the climate transition plan based on adaptation scenarios, we will establish corporate group targets consistent with the goal ratified by Japan in *The Paris Agreement of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP)*—"holding the increase in the global average temperature to well below 2° C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5° C"—and manage the progress toward these targets.

8. Protection of Biodiversity

Our business heavily relies on natural ecosystems, including soil and oceans that nurture crops

(such as cotton and food products) and marine resources, as well as forests, wetlands, and groundwater systems. We recognize that we impact biodiversity through land and water use related to raw material cultivation and procurement, and wastewater from production processes, and we will avoid and mitigate these impacts as much as possible. Furthermore, we will be directly or indirectly involved in the conservation and restoration of biodiversity in areas identified as potentially affected by our business activities.

9. Countermeasures for Water Risk

Across our entire supply chain, including our business and partners who cooperate with us, we promote water resource protection, water intake and discharge management, reduction of water usage, and efficient water utilization. Especially when operating in production partner factories that consume large amounts of water (such as dyeing processes) or in high-water-risk areas, we will comply with laws and regulations and cooperate with or conduct surveys regarding water resource depletion, floods, and water pollution. If the Group deems it necessary, we will assist in establishing a platform for communication between production partner factories and local residents.

10. Environmental Education and Evaluation of Environmental Performance Across the Supply Chain

We will educate employees to enhance their environmental awareness and evaluate it as one of the indicators of environmental performance. We will also regularly monitor whether sufficient environmental education is conducted by our cooperating partners. Furthermore, we will evaluate the environmental performance across the entire supply chain, including our business and cooperating partners, and encourage improvements where deemed necessary. We will build good relationships by collaborating with partners, analyzing environmental impacts, and regularly evaluating and sharing recognition of performance.

11. Continuous Improvement

We execute or support continuous improvement using the PDCA cycle for the purpose of analyzing environmental impact and evaluating environmental performance, through employee education, CSR monitoring, and audits of production partner factories.

12. Evaluation of and Communication on Environmental Goal Progress

We will update our environmental goals and disclose them internally and externally when necessary to respond to changes in society, the economy, and business. We will regularly evaluate the content of the goals and the progress toward them, and discuss responses as

needed. We will disclose environment-related information relevant to our business as appropriate and ensure transparency of business impact by explaining our environmental initiatives to stakeholders. Furthermore, we will communicate sustainability-related information, including environmental information, internally and externally through the integrated report, securities report, corporate governance report, corporate website, products/services, and other forums for dialogue. We will also engage in corporate activities that directly or indirectly interact with policies, laws, and regulations that may affect the environment.