

**Macnica Fuji Electronics Holdings, Inc.**

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**Disclosure Based on TCFD Recommendations (Summary)**

Macnica Fuji Electronics Holdings, Inc. has expressed its support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosure) (\*1) and joined the TCFD Consortium (\*2), a forum for discussion among supporting companies and financial institutions.

The Macnica Group regards "response to climate change" as one of the key issues contributing to a sustainable society and sustainable corporate growth, and will actively disclose information in line with the TCFD recommend framework.

\*1. The TCFD was established in 2015 by the Financial Stability Board (FSB) in response to a request from the G20. TCFD recommends that companies assess the financial impact of risks and opportunities from climate change on their operations, and disclose information on Governance, Strategy, Risk Management, and Indicators and Targets. (TCFD: <https://www.fsb-tcf.org/>)

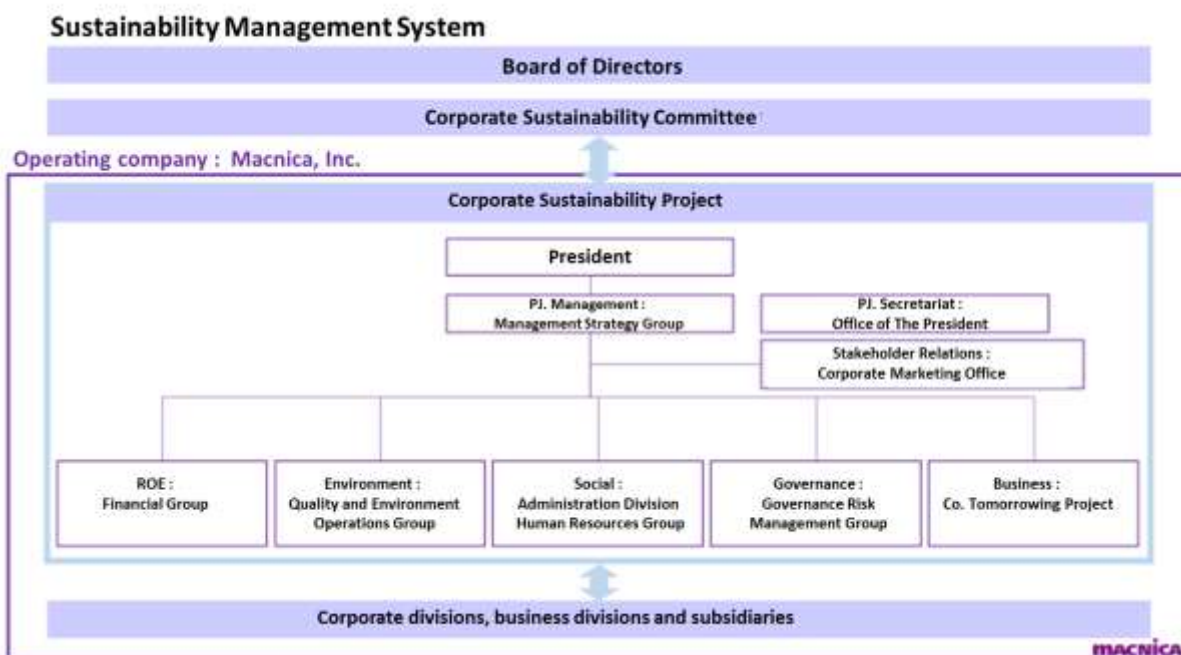
\*2. The TCFD Consortium was established in 2019 as a forum to discuss effective disclosure by companies and efforts to link disclosed information to the appropriate investment decisions by financial institutions, etc. Companies and financial institutions that support the TCFD's recommendations are promoting their initiatives. (TCFD Consortium: <https://tcf-consortium.jp/>)

**Governance**

In April 2021, Macnica Fuji Electronics Holdings established the Corporate Sustainability Committee, headed by President, CEO and Representative Director, to promote sustainability management across the entire group. Specific measures for environmental issues are formulated by the Corporate Sustainability Committee and discussed and resolved by the Group Management Committee, the highest decision-making body for business execution. In addition, the Corporate Sustainability Committee formulates action plans and monitors the progress of measures to address environmental issues that have been resolved.

The Board of Directors receives reports from the Corporate Sustainability Committee and discusses and supervises the Group's policies, measures and action plans for addressing environmental issues.

The President, CEO and Representative Director chairs the Group Management Committee, and also chairs the Corporate Sustainability Committee, which has the ultimate responsibility for management decisions related to environmental issues. The Corporate Sustainability Committee formulates proposals, which are discussed and resolved by the Group Management Committee and ultimately reported to the Board of Directors.



## Strategy

Based on the TCFD's recommendations, we conducted a scenario analysis of the three major domestic businesses in 2030 (\*1) to identify and evaluate risks and plans, and to understand the medium- to long-term impact of climate-related issues on our business.

The analysis employed two scenarios: the 4°C scenario, which assumes a global average temperature increase of around 4°C by 2100 compared to pre-industrial levels, and the 2°C scenario, which assumes an increase of around 2°C. In each scenario, analyses were conducted on the transition of policies and market trends (transitional risk and opportunities) and physical changes due to disasters (physical risk and opportunities). Scenarios used include :

Major scenarios used in the analysis of transitional risk and opportunities :

- 4°C scenario : Stated Policy Scenario (STEPS) (\*3) by IEA (\*2)
- 2°C scenario : Sustainable Development Scenario (SDS) (\*4) by IEA

Major scenarios used in the analysis of physical risk and opportunities :

- 4°C scenario : PCP8.5 (\*6) by IPCC (\*5)
- 2°C scenario : PCP2.6 (\*7) by IPCC

In the process of analysis, we identified the impact factors related to climate change for each scenario, verified the degree of impact on business for approximately 200 items, and identified

scenarios that were considered the most important. For each of the scenarios identified, the degree of impact was verified quantitatively and qualitatively, and the importance assessed as large, medium or small, as follows.

\*1: The three main domestic businesses covered are the Semiconductor Business, the Network Business, and the Service Solutions Business.

\*2: International Energy Agency is an international organization with the goals of ensuring energy security, economic growth, environmental protection and global engagement, covering all aspects of energy policy.

\*3: A scenario in which environmental policies currently announced by each country will be realized, but the long-term targets of the COP21 Paris Agreement will not be achieved, and temperatures by 2100 will rise due to climate change by about 4°C above pre-industrial levels.

\*4: A scenario in which international cooperation toward achieving the long-term goals of the COP21 Paris Agreement will result in a temperature increase by 2100 due to climate change being kept lower than 2°C above pre-industrial levels.

\*5: The Intergovernmental Panel on Climate Change, established in 1988 by the World Meteorological Organization (WMO) and the United Nations Environment Program (UNEP) to provide a comprehensive assessment of anthropogenic climate change, impacts, adoption and mitigation measures from scientific, technical and socioeconomic perspectives.

\*6: A scenario in which no measures are taken to curb greenhouse gas emissions, and temperatures by 2100 rise 2.6 - 4.8°C above pre-industrial levels.

\*7: A scenario in which greenhouse gas emissions are curbed, and temperature rise by 2100 is limited to 0.3 - 1.7°C above pre-industrial levels.

	Types of Risk & Opportunities		Factors in Risk & Opportunities	Business Impact	Assessment	Response Policy
<b>Risks</b>	<b>Transitional</b>	Policy and Regulations	Introduction of carbon tax	Purchase prices will rise as carbon tax is passed on to manufacturing and logistics costs	Large	Securing profitability through DX (Mid-term management plan)
			Tighter regulations for EV vehicles (*8)	Sales of existing internal combustion engine auto parts will decline as the EV market expands	Medium	Focus on EV market (Mid-term management plan)
		Technology	Increase in capital investment and fuel costs	Capital investment costs will increase due to introduction of low-carbon technology in offices	Medium	Reduction of GHG emissions on a mid-to long-term profit/loss neutral basis
			Expand diffusion of low-GHG semiconductor products	Large amount of EOL/PCN (*9) will be generated due to low GHG in the semiconductor manufacturing process, and response costs will increase	Small	Promote automation through DX (Mid-term management plan)

			Acceleration of direct sales between manufacturers and customers	Increasing shift to direct sales between manufacturers and customers to reduce GHG in logistics	Large	Strengthening of customer contact points through DX and expansion of direct transportation to customers
	<b>Physical</b>	Acute physical risks	Impact of flooding on offices and logistics centers	Decrease in business activity due to employees being unable to work due to increased and more severe extreme weather events	Minor	Development of BCP countermeasure manuals
	<b>Physical</b>	Chronic physical risks	Sea level rise	Relocate Shin-Koyasu Logistics or build new logistics base due to sea level rise	Minor	Continued consideration in long-term management plan
<b>Opportunities</b>	<b>Market</b>		New business opportunities	Increase in new business opportunities such as foodtech, renewable energy, etc.	Large	Aggressive expansion into related markets (Mid-term management plan)
			Sales expansion in line with EV market expansion	Increase in sales of semiconductors for EVs in line with EV market expansion	Large	Focus on EV market (Mid-term management plan)

\* 8: EVs are electric vehicles which do not run on an engine, but on motors using an electric power source.

\* 9: EOL will/ PCN (End of Life / Product Change Notice): Notices issued by a manufacturer to customers when a product is discontinued or sold, when a manufacturing process or production plant is changed or added, or product specifications are changed.

## Risk Management

The Compliance and Risk Management Committee, chaired by the President, CEO and Representative Director of Macnica Fuji Electric Holdings, monitors and analyzes the status of risk management and compliance in the Group's business operations, reports to the Board of Directors and Group Management Committee, and plans and proposes necessary measures.

To understand and evaluate the impact of climate change on our business, we conduct scenario analysis and identify climate change risks and opportunities. The risks and opportunities identified are managed by the Compliance and Risk Management Committee and the Corporate Sustainability Committee in terms of both strategy formulation and individual business operations.

## Indicators and Targets

We have set greenhouse gas emission reduction targets and are promoting efforts to reduce CO2 emissions in our business activities. We set our CO2 reduction targets based on SBT (\*1) and are actively working to reduce our environmental impact.

Item	Actual GHG Emissions ( FY2021 )
Scope 1	794 t-CO2
Scope 2	2,454 t-CO2
Scope 3 ( Total of categories 1 – 7 )	1,705,990 t-CO2

\*1: SBT is the abbreviation for Science Based Targets, GHG emission reduction targets set by companies based on scientific evidence to achieve the long-term goal of the COP21 Paris Agreement to limit temperature increase due to climate change to less than 2°C.

Indicator	Base year	Target year	Target
Scope 1,2 reduction rates	FY2021	2030	- 42.0%
		2050	- 100%
Scope 3 reduction rate	FY2021	2030	- 25.0%