

Information Disclosure Based on TCFD Recommendations

October 26, 2023
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President
NIPPO LTD.

Governance

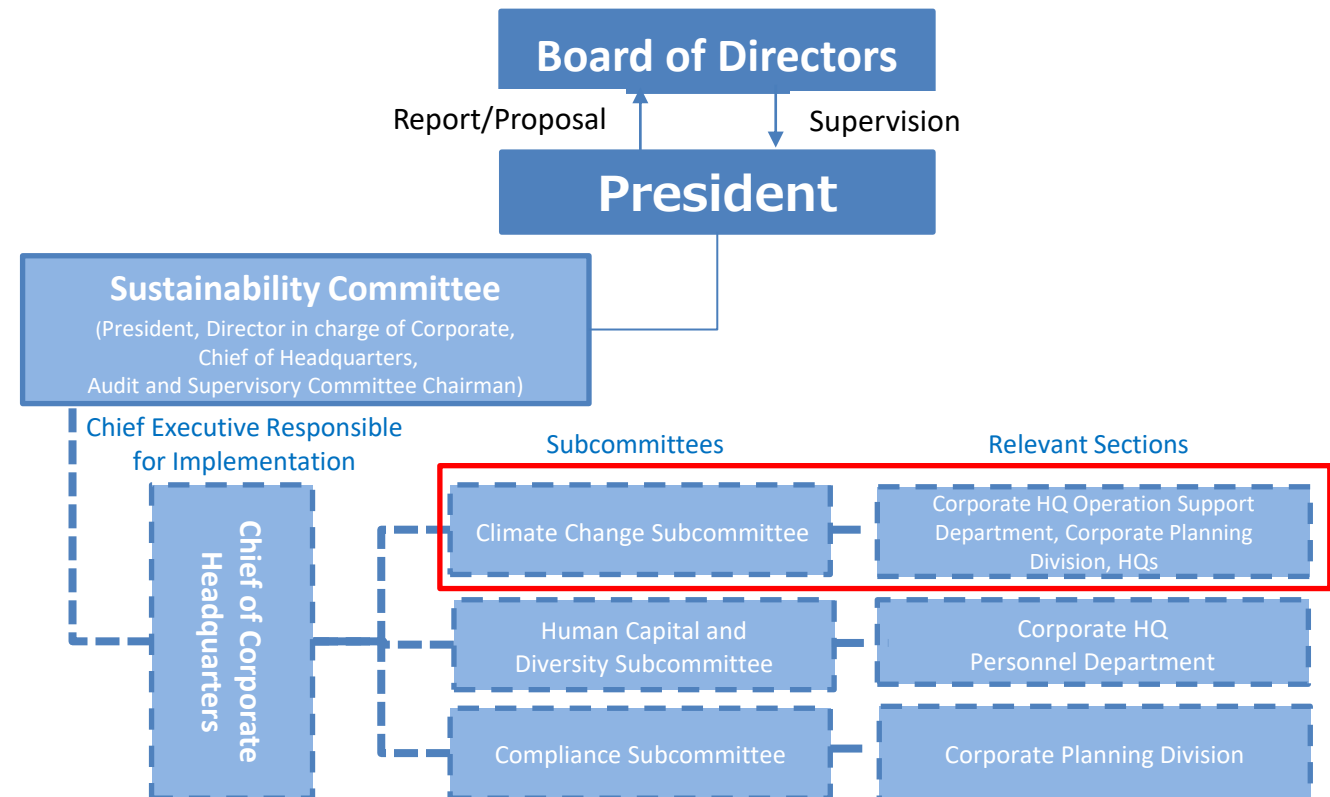
The NIPPO Group has specified the global issue of "protection of the global environment" as being included in our materiality, and recognizes the company's responsibility in addressing this issue. More specifically, we believe that concrete measures to address climate change are urgently needed. In December 2022, we have announced our endorsement of the recommendation of the TCFD (Task Force on Climate-Related Financial Disclosure), and in line with these recommendations, we are disclosing information regarding the risks and opportunities for our business posed by climate change, as well as measures the company is taking in response.

The NIPPO Group has identified issues associated with climate change as materiality, with activities the Sustainability Committee (this committee), which is chaired by the President, and its subcommittee the Climate Change Subcommittee.

The results of the activities of the Climate Change Subcommittee are reported to this committee every six months, and solutions to problems and issues arising through the activities of the subcommittee will be developed.

The Board of Directors will supervise the activities of this committee and subcommittees via the annual management review.

■ Sustainability System Chart



Strategy

We analyzed scenarios involving the transitional risks (reinforcement of legal and regulatory policies, evolving technological improvement and innovation, changes in the market environment, etc.) and physical risks (e.g., disasters caused by abnormal weather) that climate change poses to the NIPPO Group in order to identify the risks and opportunities expected to have a particularly large impact on our business.

(Premises for Scenario Analysis)

Target Period		Background
Long term	Up to 2050	Period leading up to 2050, when the Japanese government aims to achieve complete carbon neutrality.
Short to Medium term	Up to 2030	Period leading up to 2030, set by the Japanese government as a interim milestone towards achieving complete carbon neutrality.

The two following scenarios were employed in the analysis, which referenced multiple scenarios published by the International Energy Agency (IEA), the Intergovernmental Panel on Climate Change (IPCC), and other organizations.

Scenario	Scenario Definition	Source
4°C Scenario	Strengthening of environmental regulations is postponed, with intensified physical impacts.	SSP5-8.5
1.5°C Scenario	Impacts of policy transitions are significant, based on the assumption that the goal of the Paris Agreement is to hold the temperature rise to less than 1.5°C above pre-industrial revolution levels.	IEA NZE 2050

Strategy

We conducted a scenario analysis based on the premises described on the previous page, identified the risks and opportunities that will have a major impact on our business and finances, and summarized the corrective measures in the table below.

Types of Risk and Opportunity		Period	Impact	Corrective Measures	Concrete Actions	
Risks	Increased costs following stricter reporting requirements for CO2 emissions, the introduction of carbon pricing, and the additional excesses for corrective measures and emissions control	Policies, Laws and regulations	Short to Long term	Medium	In addition to enhancing production efficiency at production sites and replacing equipment with energy-saving alternatives, we are studying and preparing for the introduction of solar power generation systems to promote renewable energy production and group-wide energy conservation activities.	Project activities aimed at reducing CO2 emissions
	Decreased sales due to delayed responses to market changes, such as lower demand for printers resulting from the shift to paperless operations and the electrification of automobile engines	Technology, Markets	Short to Long term	Large	In the Mobility segment, by focusing on winding technologies and acquiring new technologies, we are increasing the sales ratio of components utilized, even as electrification progresses. In the Medical and Precision Equipment segment, we are also increasing the sales ratio of components for medical devices. Increasing these ratios is intended to compensate for the decline in printer demand.	Commodities and product development activities using "environmental contribution" as a key concept
	Increase demand from the business partners to reduce CO2 emissions and impact of that on company's evaluation	Reputation	Short to Medium term	Medium to Large	We will control emissions in order to reach the CO2 emissions reduction targets (SCOPE 1/2) described on page 6, disclosing our progress as ESG data, while continuing with preparations to control emissions as per SCOPE 3.	Project activities aimed at reducing CO2 emissions
	Damage to our own factories due to increases in abnormal weather and natural disasters	Physical (acute)	Short to Long term	Large	While applying BCM (Business Continuity Management) to minimize damage and effect rapid recovery, we are maintaining and enhancing structures and systems enabling us to continue conducting business even when employees are unable to come to their office, for example with work-from-home measures.	BCM activities

Strategy

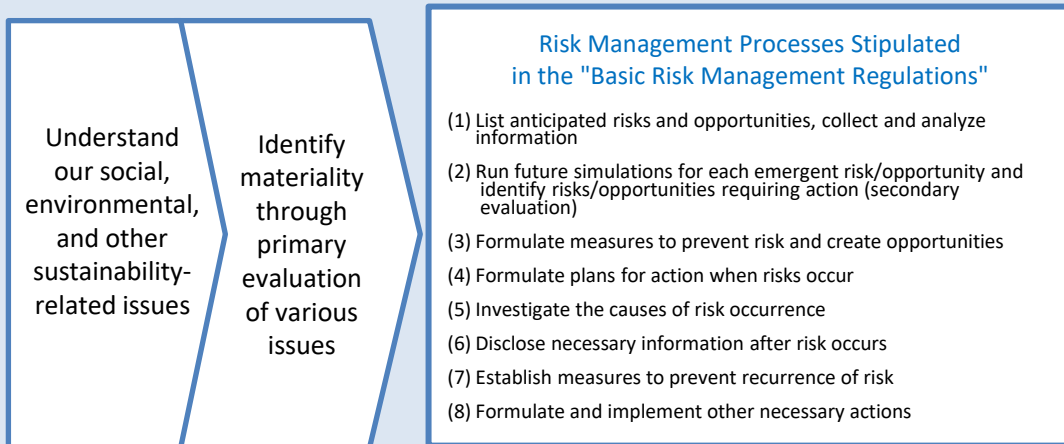
Types of Risk and Opportunity		Period	Impact	Corrective Measures	Concrete Actions	
Opportunities	Increasing need for environmentally friendly products that help reduce environmental impact and lower CO2 emissions	Products and Services, Markets	Short to Medium term	Large	Expanding our lineup of components, products, and services that help customers in reducing SCOPE 1-3 issues (in the related series of production activities) will help us to secure our competitive advantage.	Commodities and product development activities using "environmental contribution" as a key concept
	Increasing need for products related to CO2 separation, capture, and utilization, with "carbon neutral" being the operating key phrase		Medium to Long term	Large	We have been developing carbon recycling-related businesses including CO2 capture facilities, CO2 fixation, and other business models through our project programs.	
	Increasing need for components related to hydrogen energy, which is attracting attention as a next-generation, non-CO2-emitting energy source		Medium to Long term	Large	Collaborations with partner companies, universities, and other entities have enabled us to expand the range of essential hydrogen energy components, products, and services.	

Risk Management

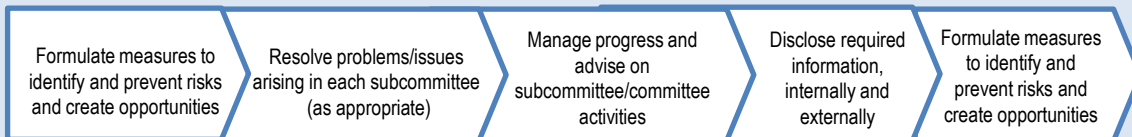
The NIPPO Group has established an efficient and effective system to manage sustainability and risk that integrates climate change-related risk management processes with the risk management process stipulated in the Group's Basic Risk Management Regulations.

Materiality Identification and Review Processes

- Processes for distinguishing, identifying, and evaluate materiality and their risks and opportunities



- Processes for Managing Materiality and Their Risks and Opportunities



Be constantly aware of link between the "long-term vision" and "medium-term management plan," proceed through the PDCA cycle

Integration with Risk Management System

Risk Management System Stipulated in the "Basic Risk Management Rules"		Sustainability System	
Risk Category	Chief of Risk Management Headquarters	Subcommittee	Chief Executive Responsible for Implementation
<ul style="list-style-type: none"> • Risks related to climate change • Risks related to labor issues (human capital, diversity, etc.) • Risks related to compliance • Risks related to disasters and accidents • Risks related to information security • Risks related of trade, other risks 	Chief of Corporate Headquarters	<ul style="list-style-type: none"> • Climate Change Subcommittee • Human Capital and Diversity Subcommittee • Compliance Subcommittee 	Chief of Corporate Headquarters
<ul style="list-style-type: none"> • Risks related to technology and patents • Risks related to sales transactions • Risks related to purchasing transactions • Risks related to distribution • Other risks related to transactions 	Chief of Business Headquarters	—	—

* The NIPPO Group has established an efficient and effective system to manage sustainability and risk that integrates climate change-related risk management processes with the risk management process stipulated in the Group's Basic Risk Management Regulations.

* Please refer to "Risk Management System" under "Basic Risk Management Regulations" on Page 27.

Metrics and Targets

Target

We have set a long-term target of achieving carbon neutrality (effectively zero CO2 emissions) by 2050. As a step towards that goal, we have made “reducing CO2 emissions by at least 25% in 2030 (in comparison with FY2021) “ as a short- to medium-term target, while working to achieve further reductions as well

✳targeting SCOPE 1/2

We will make an announcement about the range of "SCOPE 3" that can be managed in practice once we have determined that information and are prepared to disclose it. We have also set a target for reducing CO2 emissions, the greenhouse gas with the greatest impact on global warming."

【Roadmap to Carbon Neutrality】

