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TRANSLATION

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Notice of Updated Disclosure Based on TCFD Recommendations

In June 2022, Macnica Holdings endorsed the TCFD (Task Force on Climate-related Financial Disclosure) recommendations and joined the TCFD Consortium, a forum for discussion among supporting companies and financial institutions.

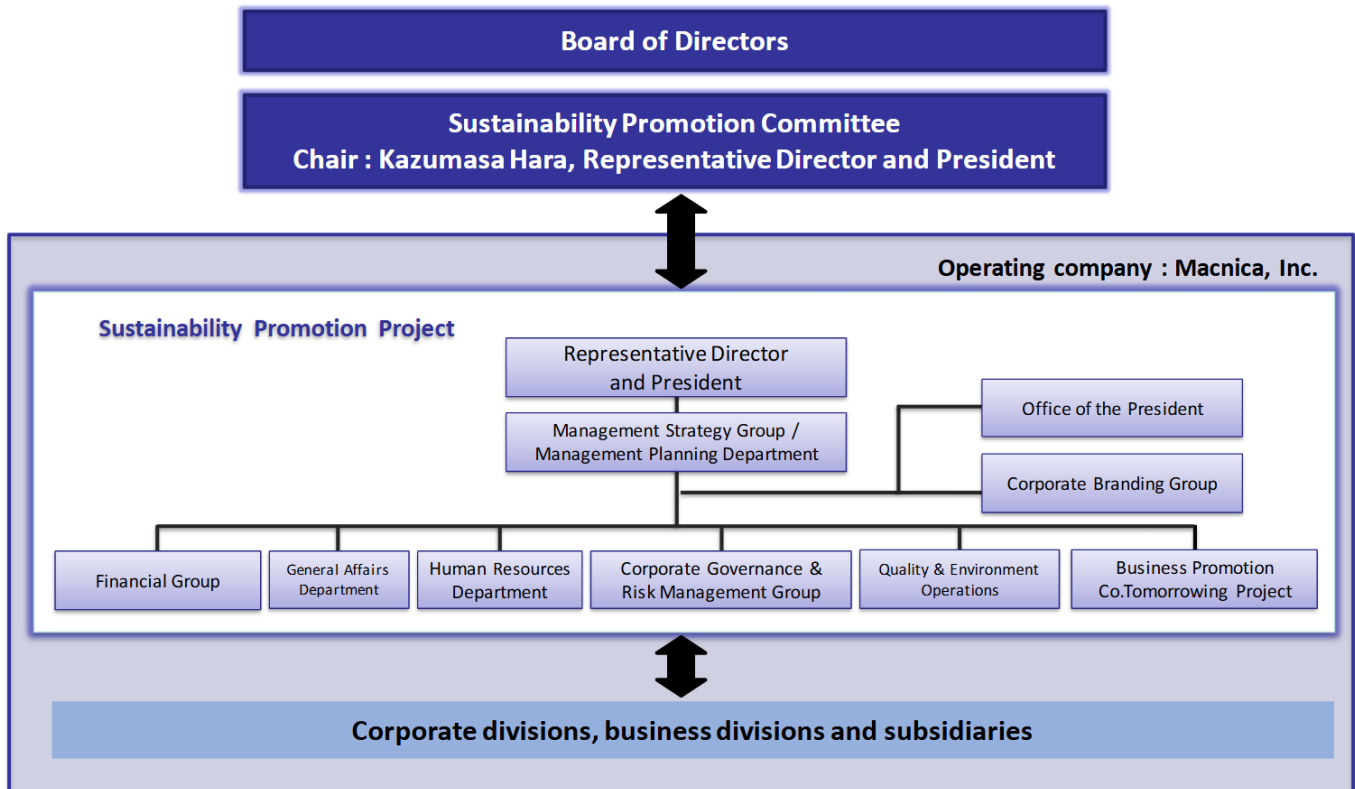
Throughout FY2023, Macnica conducted qualitative analyses and assessments of climate-related risks, opportunities, and countermeasures for the Group's main businesses, using multiple climate scenarios to identify key items. We hereby announce that we have updated these contents in accordance with TCFD's disclosure framework. Macnica is committed to enhancing the disclosure of climate change-related information, contributing to a sustainable society.

Governance

Macnica established the Sustainability Promotion Committee to promote sustainability management across the entire Group. The President and Representative Director chairs the Sustainability Promotion Committee, and chairs the Group Management Committee, the highest decision-making body for business execution, bearing the ultimate responsibility for management decisions related to environmental issues.

The Sustainability Promotion Committee formulates action plans for the Group's environmental challenges and monitors the progress. These plans are discussed and resolved by the Group Management Committee and are ultimately reported to the Board of Directors. The Board of Directors then discusses and supervises the contents of the report.

Sustainability Promotion System



Strategy

Based on the TCFD recommendation, Macnica conducted scenario analysis of the three major domestic businesses in 2030¹ to identify and evaluate risks and opportunities, 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 1.5°C scenario, which assumes an increase of around 1.5°C. In each scenario, analyses were conducted on the transition of policies and market trends (transitional risks and opportunities) and physical changes due to disasters (physical risks and opportunities). Scenarios used include:

Scenarios used in the analysis of transition risks and opportunities:

- 4°C scenario : Stated Policy Scenario (STEPS) by IEA
- 1.5°C scenario : Net Zero Emissions by 2050 Scenario (NZE) by IEA

Scenarios used in the analysis of physical risks and opportunities:

- 4°C scenario : RCP 8.5 by IPCC
- 2°C scenario : RCP 2.6 by IPCC

In the process of analysis, Macnica identified the impact factors related to climate change for each scenario, verified the degree of impact on business for approximately 400 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.

	Types of Risk & Opportunity	Factors in Risk & Opportunity	Business Impact	Assessment	Response Policy	
R i s k s s i t i o n a l	T r e g u l a t i o n s	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)	
		Strengthening regulations on internal combustion engine vehicles due to the transition to EVs	Sales of existing internal combustion engine auto parts will decline as the EV market expands	Large	Focus on EV market (Mid-term management plan)	
		Increase in energy and power procurement costs	Incurring additional costs due to the procurement of renewable energy	Small	Introduction and replacement of equipment with high energy efficiency	
	Technology	Increased capital investment and fuel costs	Capital investment costs will increase due to the introduction of low-carbon technology in offices	Medium	Reduction of GHG emissions on a medium- to long-term profit/loss neutral basis	
		Expand diffusion of low-GHG semiconductor products	Large amount of EOL/PCN ² 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)	
	Market	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	
		Transition to low-carbon technologies	Business stagnation and sales decline due to slow adaptation to changes in customer demand and markets	Small	Shift to environmentally-friendly products lineup such as high-efficiency power semiconductors	
	Reputation	Behavioral changes among investors, customers, applicants, and other stakeholders	Ineffective and delayed environmental consideration may lead to lost business opportunities and damage to corporate and brand value	Small	Proactive and continuous efforts to address climate change	
	P h y s i c a l r i s k s	Acute physical risks	Impact of flooding, storm surge 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 /	Small	Development of BCP countermeasure manuals

Types of Risk & Opportunity		Factors in Risk & Opportunity	Business Impact	Assessment	Response Policy
	c a l		Losses due to damage to coastal offices and Shinkoyasu Logi		
O M p p r o k e t t u n i t y		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)
		Growth of businesses addressing social issues	Increase in new circular economy solution businesses such as renewable energy, foodtech and energy management	Medium	Aggressive expansion into related markets (Mid-term management plan)
		Expansion of semiconductor sales for solutions that contribute to environmental protection	Increased adoption of semiconductors in various IT systems contributing to emission reduction, power saving, clean energy and smart grids	Large	Aggressive expansion into related markets (Mid-term management plan)

Risk Management

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

The Sustainability Promotion Committee conducts scenario analysis to identify and assess our climate change risks and opportunities. The identified risks and opportunities are managed in conjunction with the Compliance and Risk Management Committee.

Metrics and Targets

On May 8, 2024, the Macnica Group as a whole, including Glosel Co., Ltd., obtained a Science Based Targets [SBT³] Certification. On this certification, we set greenhouse gas emission (GMG) reduction targets and are promoting efforts to reduce CO₂ emissions in our business activities. To achieve the "1.5°C target" of the Paris Agreement, Macnica will continue its proactive efforts to reduce its environmental impact.

1. Macnica Group (excluding Glosel Group)

Item	Scope	Emissions (t-CO ₂)		
		FY 2022 ⁶	FY 2023	Year-over-year
Scope 1	Including overseas consolidated subsidiaries ⁴	719.88	846.08	+17.5%
Scope 2	Including overseas consolidated subsidiaries	1,267.48	1,022.35	△19.3%
Scope 3	(1) Including Scope 3 downstream emissions of overseas consolidated subsidiaries (using the traditional	4,753,484.44	4,052,011.16	△14.8%

		input-output table)				
	(2)	The target scope is as above (data for Category 1 products using the CDP Supply Chain Program ⁵)	----	1,539,998.75	(Reference) First calculation for FY2023	
Total Emissions		Total emissions for Scope 1 to 3 based on the above Scope 3 classification	(1)	4,755,471.81	4,053,879.59	△14.8%
			(2)	----	1,541,867.18	(Reference) First calculation for FY2023

2. Glosel Group

As mentioned above, Glosel Co., Ltd. became a consolidated subsidiary on March 6, 2024, and Glosel's GHG emissions were included in our FY 2022 results for SBT certification. We inform you for your reference.

Item	Scope	Emissions (t-CO ₂)		
		FY 2022 ⁷	FY 2023	Year-over-year
Scope 1	Including overseas consolidated subsidiaries	32.32	30.15	△6.7%
Scope 2	Including overseas consolidated subsidiaries	277.08	166.47	△39.9%
Scope 3	Including Scope 3 downstream emissions of overseas consolidated subsidiaries	280,479.15	364,782.78	+30.1%
Total Emissions	Total emissions for Scope 1 to 3	280,788.54	364,979.40	+30.0%

3. Macnica Group (including Glosel Group)

These figures are the sum of 1 and 2 (above). We will use this combined figure as the official figure for the Macnica Group in our future external announcements, such as our CDP response. In order to ensure the accuracy and reliability of Scope 1 through 3 emissions, we are planning to undergo third-party verification.

Item	Scope	Emissions (t-CO ₂)		
		FY 2022	FY 2023	Year-over-year
Scope 1	Including overseas consolidated subsidiaries	752.20	876.23	+16.5%
Scope 2	Including overseas consolidated subsidiaries	1,544.56	1,188.82	△23.0%
Scope 3 ⁸	(1) Including Scope 3 downstream emissions of overseas consolidated subsidiaries (using the traditional input-output table)	5,033,963.58	4,416,492.27	△12.3%
	(2) The target scope is as above (data for Category 1 products using the CDP Supply Chain Program)	----	1,904,479.86	(Reference) First calculation for FY2023
Total Emissions	Total emissions for Scope 1 to 3 based on the above Scope 3 classification	(1) 5,036,260.34	4,418,557.32	△12.3%

		(2)	----	1,906,544.91	(Reference) First calculation for FY2023
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Until last year, emissions from Scope 3 Category 1 (products) were calculated using only ‘purchase amount x emission factor’, which meant that as sales (purchase amount) increased, emissions increased proportionally. From this year, the CDP Supply Chain Program has been used to identify suppliers with high emissions, obtain primary data on their emissions and publish emissions based on a calculation logic that reflects suppliers' reduction efforts as reference information. In replacing the data, the accuracy and reliability of the information provided by each supplier is verified, and certain criteria are set for implementation. If these criteria cannot be met, sector averages (secondary data) provided by CDP are used. For other suppliers, calculations continue to be carried out using the input-output table.

In addition, we are introducing and switching to renewable energy sources in own offices (our own buildings and tenant buildings), reducing the number of company cars as a result of remote working, reducing rental cars and car sharing, switching from gasoline vehicles to EVs and HVs, and implementing other energy-saving measures to reduce our own greenhouse gas emissions (Scope 1 and 2) . For Scope 3 Category 4 (logistics), we have been exchanging information with forwarding companies on a regular basis, extracting data in line with actual conditions and improving the accuracy of calculations in an effort to generate more appropriate figures.

Metric	Base year	Target year	Target
Scope 1,2 reduction rates	FY2022	2030	△42.0%
		2050	△100%
Scope 3 reduction rate	FY2022	2030	△25.0%

To reduce future emissions, the base year for Scope 1 to 3 was changed from FY2021 to FY2022 last year. In addition, the Macnica Group as a whole, including Glosel Group, obtained SBT certification with FY2022 as the base year, and there will be no changes to the base year, target year or targets this year.

(Notes)

- 1: The three businesses are the Semiconductor business, Network business, and CPS Solutions business.
- 2: EOL/ (End of Life/Product Change Notice): A notice issued by a manufacturer referencing the discontinuation of production or sales, a change or addition to the manufacturing process or production plant, or a change in product specifications.
- 3: An abbreviation for Science Based Targets, greenhouse gas emission (GHG) reduction targets set by companies based on scientific research, to achieve the long-term goals of the COP21 Paris Agreement to limit the rise in temperatures due to climate change and other factors to less than 2°C.
- 4: The consolidated subsidiaries as of the end of each fiscal year are included in the calculation. As for Glosel Co., Ltd. which became a consolidated subsidiary of the Company on March 6, 2024, the above calculations are based on the policy of consolidated financial statements for FY2023, and cover only assets. (PL portion is not included.)
- 5: To reflect the emissions reduction efforts of our suppliers, we use the CDP Supply Chain Program to obtain primary data (emissions intensity based on sales per supplier) and secondary data (sector averages provided by CDP), which are verified and used to calculate Scope 3 emissions from Category 1 products.
- 6: In applying for SBT certification, we revised the calculation of Scope 3 for FY2022, so the figures are slightly different from those disclosed in last year's TCFD information.
- 7: As mentioned above, Glosel Co., Ltd. became a consolidated subsidiary of the Company on 6 March 2024. Glosel's greenhouse gas emissions were included in the Company's FY2022 results for SBT certification, and are provided here as reference.
- 8: Scope 3 calculations overlapping between Macnica Group and Glosel Group have been deducted.