

Disclosure of Information Based on TCFD Recommendations

September 21, 2023

KOMORI CORPORATION

Approve of TCFD Proposal

We, KOMORI CORPORATION, has published its greenhouse gas (GHG) emission reduction target, which is encouraged to disclose by Task Force on Climate-related Financial Disclosures (TCFD), in our integrated report and environmental and social responsibility report since 2015. We also have joined Green Value Chain Platform operated by Ministry of the Environment and Ministry of Economy, Trade and Industry, and published its Scopes 1, 2, and 3 of GHG emission as a “Japanese Company’s effort” since 2018.

And then, we announced the approval of TCFD in May 2022, and assessed the impact of climate changes on our operation and finance with scenario analysis, which assesses both quantitative and qualitative impact at the time of 2030, referring to several climate-related scenarios published by IEA and IPCC.



In addition, we have disclosed information on GHG emissions, reduction targets, and the status of our efforts to reduce GHG emissions through responses to questionnaires from CDP, an international environmental non-profit organization established in the United Kingdom, since the fiscal year ending March 31, 2023.

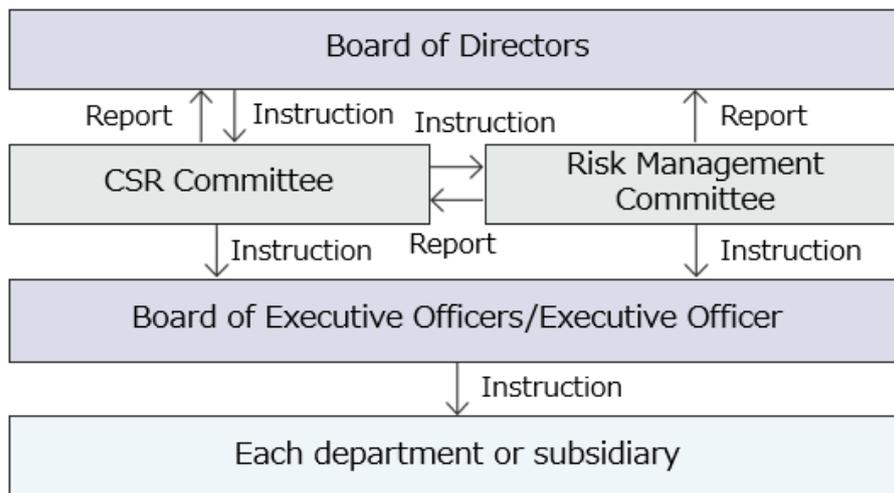
Governance

Our company’s fundamental policies or other significant matters about environmental issues including climate change are reported and discussed at the CSR committee, which is scheduled to meet four times a fiscal year, and whose resolution are submitted and reported to the board as required, and are reflected in our group’s overall strategy.

Risk Management

In our company, the risk management committee, which is a subsidiary organization of the CSR committee, manages various types of risks supposed in our operational and business strategies collaborated with the person in charge of risk management in each group, according to the Risk Management Regulation. We identify our risks considering any aspect of operational situation including climate-related matters, and assess these risks in the point of their frequency and magnitude of their impact. Action planning and assessment are executed by the person in charge of risk management in each group, progress situation is discussed by the risk management committee, and especially significant risks are submitted to and conferred by the CSR committee or the board. Identified by these procedures, every risk is allocated to appropriate department or group, and they shall take measures and action plans in order to prevent the risk in advance and mitigate its impact in case of occurrence. Progress and status of this procedure is supervised by the risk management committee.

Fig.1 Climate-related governance and risk management structure



Strategies

In order to consider impact toward our business yielded by climate changes, we have conducted a scenario analysis referred to some published climate-related scenarios by external organizations such as IEA or IPCC. In our analysis, we assess impact of climate changes at the age of 2030 as defined in the “KOMORI Eco Vision 2030”, both quantitatively and qualitatively.

Our adopted scenarios are shown below.

	4°C Scenario	1.5°C (2°C below) Scenario
About	A scenario that assumes a 3.2°C to 5.4°C (about 4°C) rise of global average temperature at the end of 21st century compared with one about the age of the Industrial Revolution, and more wide-ranging and intense physical impacts yielded by storm and flood damage	A scenario that assumes a limited global average temperature of less than 1.5°C (2°C) at the end of 21st century compared with one about the age of the Industrial Revolution, and progress of policy regulations and technological innovation to decarbonization
References	<ul style="list-style-type: none"> IEA • Stated Polices Scenario IPCC • RCP8.5 	<ul style="list-style-type: none"> IEA • Sustainable Development Scenario • Net Zero Emissions by 2050 Scenario IPCC • RCP2.6

In the 4°C scenario, it is estimated that physical risks such as storm and flood damage will be spread and intensified due to insufficiency of countermeasures, while transition risks won't be considered so much because initiatives toward climate changes held by governments or private companies are inadequate. We assume the physical impact on each site, and assess the magnitude of damages through quantitative analysis on direct damages and suspension of business caused by natural disasters. An increase of expenditure on air conditioning facilities due to the rise of average temperature is also considered. In response to such anticipated physical impacts, we attempt to diminish our risks to transfer our sites which are susceptible to storm and flood damage or make energy-saving on air conditioning facilities. Moreover, we prepare restoration procedure based on the business continuity and restoration manual, and in case of natural disaster, we can take prompt measures not only to ourselves but also our customers.

In the 1.5°C scenario, it is estimated that it occurs operational and response cost due to the development of policy restriction or technological innovation with the aim of decarbonization, such as an introduction of carbon-tax. We also assume through quantitative evaluation that we can't ignore the impact of the introduction of a carbon-tax or the expansion of an emission-trading scheme.

In addition, we assess the potential for the increase of expenditure that is caused by price pass-through on whole our supply chain as a result of the transition to decarbonization: higher electricity prices resulting from changes in energy demand due to the implementation of energy policies, and higher prices associated with changes in smelting methods for iron, one of the raw materials for our products. About the impacts of plastic regulation, energy conservation or renewable energy policies,

advances in next-generation technologies related to climate change, and changes in customer behavior, we evaluate them through quantitative analysis.

Anticipated the impacts associated to decarbonization, we are intending to mitigate our risks by the initiatives to decarbonization, such as setting the emission reduction targets on scope1 and 2. For example, we make efforts to improve energy efficiency of air conditioning and lighting equipment in response to rising electricity prices and energy conservation and renewable energy policies, to reduce product packaging materials in order to respond plastic regulations, and to improve energy-saving performance of and downsize our products as a countermeasure to the change of our customers' demand.

As other matter of interest, we regard transition from conventional printing presses to environmentally friendly ones or digital printing presses as our risk, and also as our opportunity to broaden demand due to excavation of latent customer needs. Increased demand for electric components due to the progress of digitalization will lead to the development of the printed electronics field. We believe the focus on R&D of printed electronics products will result in the reduction in our risk, expansion of our business, and increase in our sales, and we will continue to promote our efforts.

Based on this scenario analysis and our current efforts, we will continue to strengthen our response to climate change, such as reinforcing resilience to various affairs identified and assessed by our two-way scenarios and initiatives for decarbonization. Incidentally, details about our activities including climate change initiatives are reported in the integrated report.

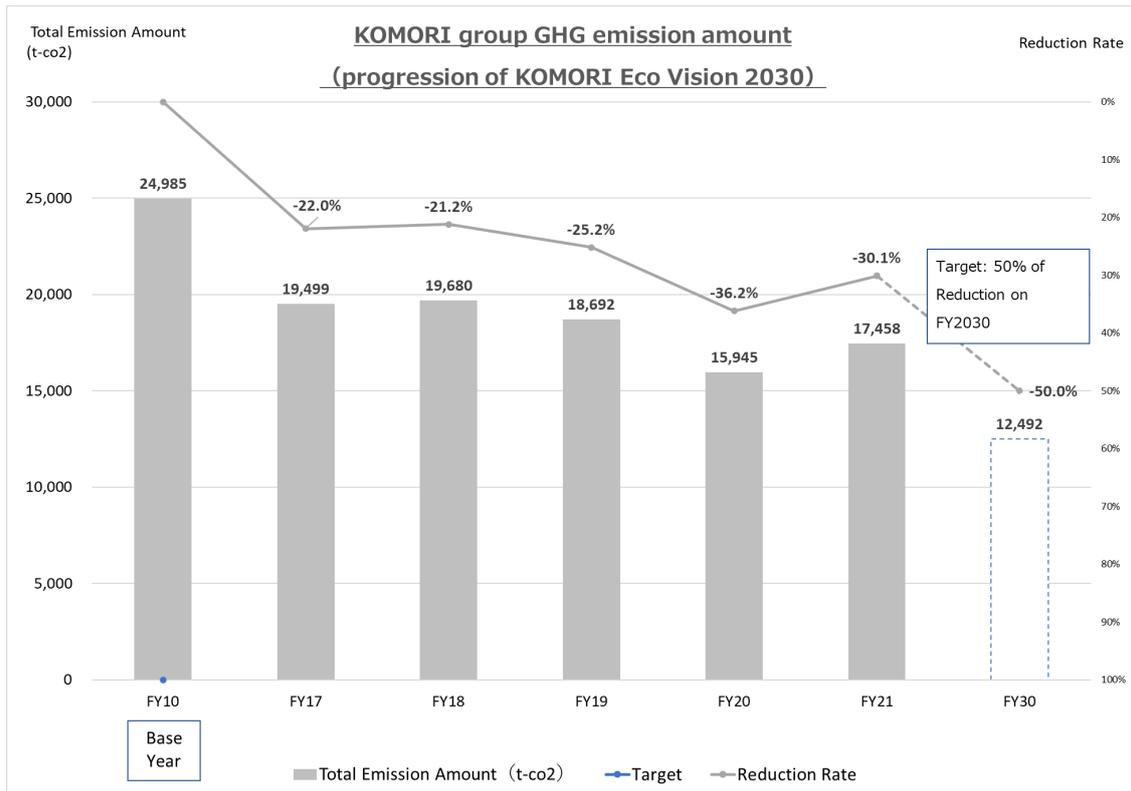
Sort	Causes and Events		Evaluation Class				Our Efforts ○:for risk ○:for opportunity ●:for both
			4°C Scenario		1.5°C Scenario		
			Risk	Opportunity	Risk	Opportunity	
Transition Impacts	Carbon Pricing	rise in operational costs, including a carbon-tax	S	S	L	S	<ul style="list-style-type: none"> setting and executing Scope1&2 reduction target initiatives toward carbon neutral on 2050
	Energy-saving / Renewable Energy Policies	need to response to policies about energy-saving or renewable energy	S	S	L	L	<ul style="list-style-type: none"> install of solar power introducing renewable energy-derived electricity ○ pursuit of energy-saving performance in the phase of R&D
	Change in Energy Supply Costs	rise in electricity price due to a transition of renewable energy-derived power generation method	S	S	M	S	<ul style="list-style-type: none"> energy conservation of lighting and air conditioning in the phase of manufacturing ○ developing high energy-saving performance products
	Technological Innovation	demand change of printing presses due to progress of digitalization	M	M	L~M	L~M	<ul style="list-style-type: none"> downsizing our products due to advance of their productivity ● transition to environmentally friendly/digital printing presses ○ development of low-environmental impact products in the field of printed electronics
	Change in Material Costs	rise in price of rough steel due to changes in refining method	S	S	M	S	<ul style="list-style-type: none"> research and consider alternatives through conversations with our suppliers
	Reputation	an impact on corporate evaluation of climate change initiatives	S	S	M	S	<ul style="list-style-type: none"> appropriate disclosure and communication with our stakeholders
Physical Impacts	Extreme Weather	Suffering damages on the company's sites and logistics network	L	S	M	S	<ul style="list-style-type: none"> Relocation of offices with high hazard risk, or other countermeasures strengthening on business continuity plan
	Rise of Average Temperature	rise in operational costs by using air conditioning equipments	L	S	M	S	<ul style="list-style-type: none"> introducing air conditioning equipments with high energy-saving performance

[Evaluation Class]

- We conduct quantitative evaluation for events that have (are supposed) impact on our operating profit for the FY21, on the following criteria:
⇒ L(Large): 5% or more, M(Medium): from 1% to less than 5%, S(Small): less than 1%
- For events with no quantitative evaluation, we conduct qualitative evaluation, and these are shown in gray-painted cells in the table above.

Indicators and Targets

In the KOMORI Eco Vision 2030 (established in 2015), we have set the climate-related target of a 50% reduction in our absolute GHG emission by the FY30 compared to the FY10, and keep encouraging initiatives to reduce our emission. Results and progress made against our target are stipulated in our integrated report. The transition of our total emission by a fiscal year (Scope1+2) is shown the graph below.



*We recalculate our emission caused by companies which has been merged, going back to before the acquisition. Without an amendment, the emission amounts are these: 21,058 t-CO₂ in the FY10, 17,857 t-CO₂ in the FY17, 18,100 t-CO₂ in the FY18, 17,174 t-CO₂ in the FY19, and 14,490 t-CO₂ in the FY20.