

# Disclosures based on TCFD recommendations

## Governance

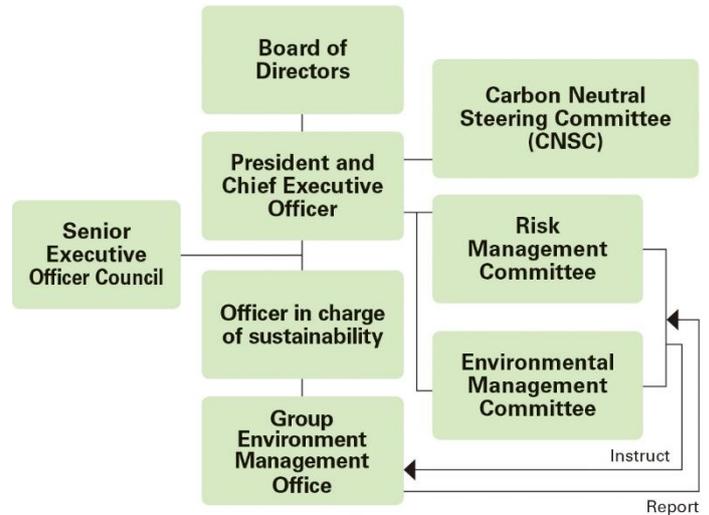
We approach the risks and opportunities associated with climate change based on our Climate Change-related Risk Management Regulations. These regulations determine our internal systems for managing climate change risks and opportunities, as well as our processes for managing risk and opportunities using plan-do-check-act (PDCA) cycles.

The President and CEO has ultimate responsibility for managing our climate change risks and opportunities. The CEO manages these risks and opportunities by utilizing the Risk Management Committee, which is responsible for all risks, and the Environmental Management Committee, which is responsible for environmental management, including climate change-related risks and opportunities. This enables the CEO to evaluate and monitor progress on response measures and goals. The Carbon Neutral Steering Committee, which reports directly to the President and CEO, performs internal arrangements, and makes proposals regarding policies and basic measures for carbon neutrality.

At meetings of the Senior Executive Officer Council, the President and CEO evaluates the effectiveness of the Company's governance related to climate change. The Board of Directors performs monitoring and supervision to ensure Company executives, including the President and CEO, are responding appropriately to climate change risks and opportunities.

The officer in charge of sustainability manages the Company's climate change response progress as one of the sustainability issues.

### Internal structure for managing the risks and opportunities related to climate change



Body / Meeting Frequency	Role	Chairperson	Members
Board of Directors (once a month in principle)	The Board of Directors performs monitoring and oversight to ensure that the President and other executive officers are responding appropriately to climate change risks and opportunities.	Representative Director, Chairman CEO	<ul style="list-style-type: none"> <li>Representative Director, Vice Chairman</li> <li>Director, President COO &amp; CFO</li> <li>Director, Vice President Executive Officer</li> <li>Director, Senior Managing Executive Officer</li> <li>Outside Director</li> </ul>
Senior Executive Officer Council (once a month in principle)	The Senior Executive Officer Council supervises management's approach to risk owners related to climate change and governance and challenges it as necessary. It is also responsible for checking the program for effectively identifying, assessing, managing, and supervising risks and opportunities related to climate change.	Representative Director, Chairman CEO	<ul style="list-style-type: none"> <li>Representative Director, Vice Chairman</li> <li>Director, President COO &amp; CFO</li> <li>Director, Vice President Executive Officer</li> <li>Senior Managing Executive Officer</li> </ul>
Carbon Neutral Steering Committee (approximately twice a year)	The CNSC promotes measures to reduce power consumption in factories as well as power consumption by users of the Company's products.	Chief Green Officer (CGO)	<ul style="list-style-type: none"> <li>Senior Executive Officer Council Members</li> <li>Head of Business Units</li> <li>General Manager of Regional Affairs</li> <li>Plant Managers</li> </ul>

Risk Management Committee (twice a year)	The Risk Management Committee promotes company-wide risk management to achieve business targets and mount a company-wide response to factor impeding business management. It also coordinates with the Environmental Management Committee on risks and opportunities related to climate change to promote integrated management.	Head of HR & General Affairs Div.	· Appointed by the Chairperson and approved by the Board of Directors
Environmental Management Committee (twice a year)	Reports to the Risk Management Committee and the Board of Directors on the results of assessment and reassessment of climate change risks and opportunities, as well as the results of analysis of their impact on business strength. This includes the evaluation and oversight of target progress and the status of response plan implementation.	Chief Green Officer (CGO)	· Appointed by the President and approved by the Board of Directors

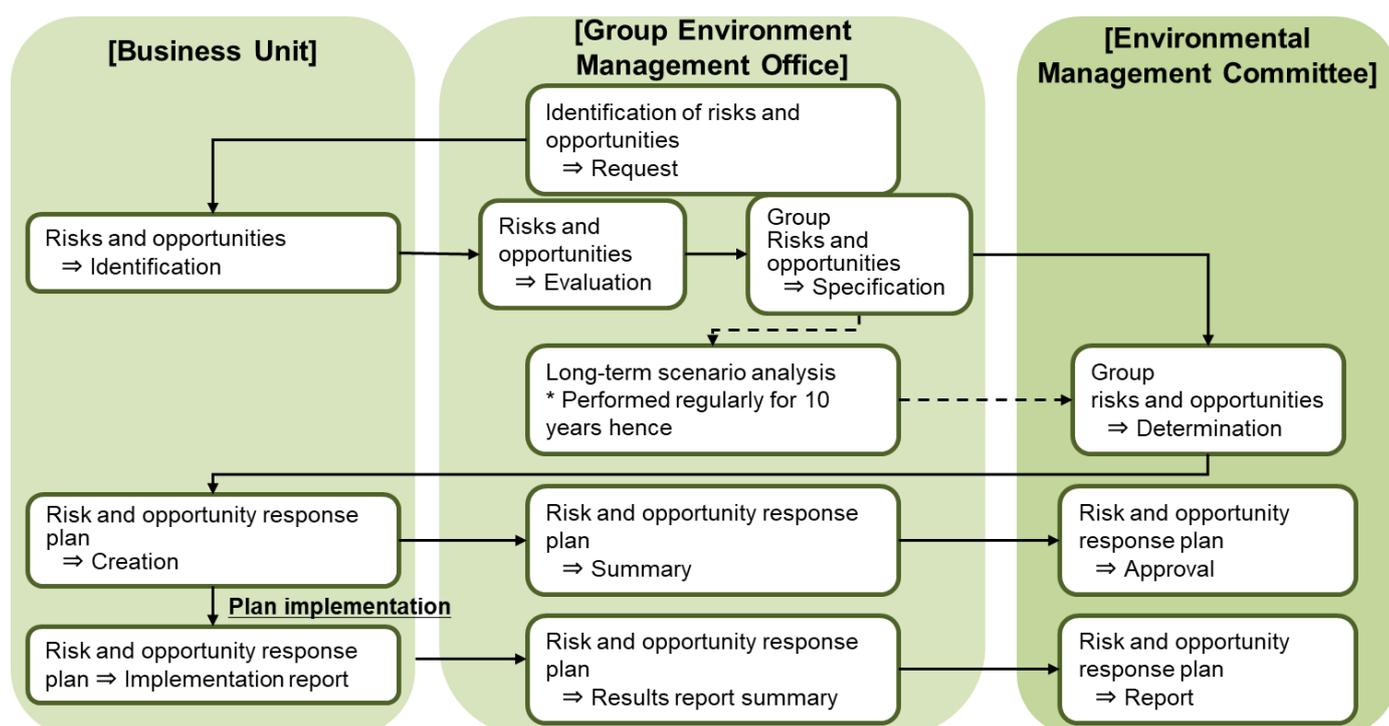
## Risk Management

### ■Management Process

Our process for climate change risk and opportunity management is shown in the diagram below. This plan-do-check-act (PDCA) cycle is implemented company-wide every fiscal year.

The risk assessment covers not only our direct operations, but also upstream and downstream operations in the value chain. This includes raw material procurement, logistics, customer and end user activities.

The management process includes deliberation by the Environmental Management Committee, which consists of managers from each business unit. The results of those deliberations are checked by the Senior Executive Officer Council and the Board of Directors. Specifically, through daily information gathering activities using our monitoring system, we strive to anticipate risks as much as possible, and estimate the potential damage in the event of a crisis (damage estimation). We then implement measures for minimizing these risks including preventive and mitigation measures. In the event of a crisis, we are able to transition to an emergency response led by the Risk Management Committee in order to minimize losses.



■ Identification method

Risks and opportunities are identified using the following system.

Risk Types		Explanation	Opportunity Types		Explanation
Transition risks		The transition to a decarbonized society requires changes to policies, laws, technologies, and markets, which pose various impact risks.	Opportunities		Opportunities for mitigating or adapting to climate change
	Regulations	Risks related to changes in laws and regulations, such as the introduction of carbon taxes		Resource utilization efficiency	Opportunities for improving resource utilization efficiency in production and distribution processes, etc.
	Technology	Risks of falling behind on technological developments, such as advances in renewable energy, storage batteries, and energy efficiency		Energy sources	Opportunities associated with the shift to low-emission energy sources
	Markets	Risks associated with changes in demand for specific products and services during the transition to a decarbonized society		Products and services	Opportunities related to innovation and development concerning new low-emission products and services and those for climate adaptation
	Reputation	Risks associated with changes in demand for specific products and services during the transition to a decarbonized society		Markets	Possibilities for helping organizations better position themselves for the transition to a decarbonized society
	Lawsuits	Risks associated with potential lawsuits from shareholders and customers due to non-fulfillment of contracts, etc.		Resilience	Opportunities for developing the capabilities needed to adapt and respond to climate change
Physical risks		Risks stemming from natural disasters attributable to climate change		Value chains	Opportunities associated with all value chain activities including product manufacturing and sales, as well as the product development and labor management activities that support them
	Acute	Risk of greater losses due to an increase in natural disaster events			
	Chronic	Risk of lower earnings arising from long-term changes in climate patterns			

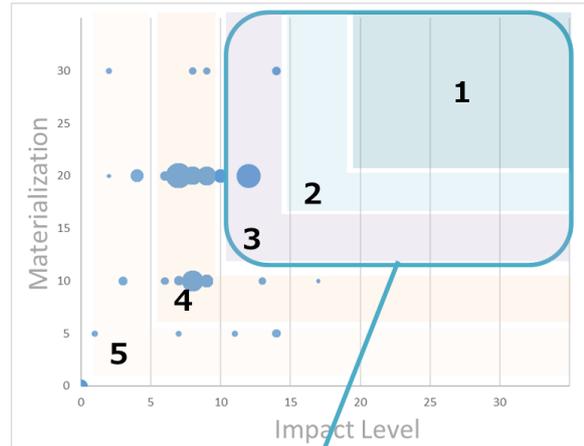
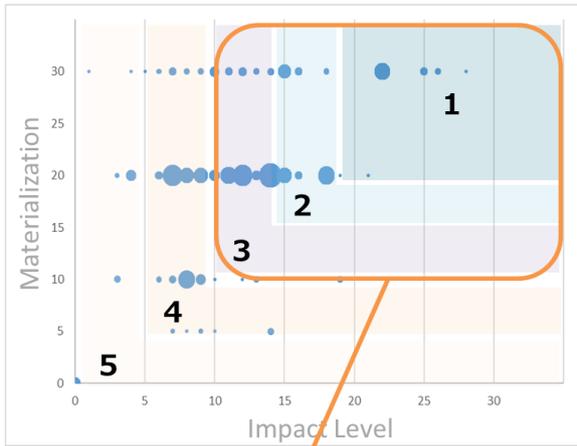
■ Evaluation method

We quantify the identified risks and opportunities using the following evaluation method.

- Degree of impact: Calculating the total of quantitative and qualitative impacts (1 to 30 points)
- Likelihood of occurrence: Rated on a four-level scale, ranging from “Extremely likely” to “Unlikely” (5 to 30 points)

Evaluation Points			Min. Score	Max. Score
Impact Level	Quantitative impact	Evaluation on a four-point scale using the following indicators - Impact on assets: Less than 10 million yen to 1 billion yen or more - Sales impact: Less than 100 million yen to 16 billion yen or more	1	12
	Qualitative impact	Evaluation of interest/concern using three levels based on the following six stakeholder perspectives Customers, business divisions, suppliers, government, investors, and local communities	0	18
	<b>Total</b>		<b>1</b>	<b>30</b>
Materialization	Probability of materialization	Evaluation using the following four levels - Extremely likely - Highly likely - Likely - Unlikely	5	30
	<b>Total</b>		<b>5</b>	<b>30</b>

After quantification through the above process, the distribution is as follows. We ranked the risks and opportunities within the following framework from highest (1) to lowest (5).



Risk specification
A. Suspension of factory operations due to natural disasters such as floods, typhoons, storm surges, and drought damage
B. Earnings deterioration due soaring raw material and electricity prices, as well as new regulations such as carbon taxes
C. Elimination from the market based on energy-saving performance, and new indicators such as LCA and carbon footprint
D. Nonfulfillment of contracts with customers, for failing to adopt renewable energy, etc.

Opportunity specification
a. Improving customer confidence and our reputation by increasing resilience
b. Our high-efficiency, low-carbon products will be in demand in a decarbonized, low-carbon society
c. New markets can be acquired by utilizing our technology to help achieve a decarbonized and low-carbon society

■Period setting

While specifying climate change risks and opportunities, we consider the following short, medium, and long-term perspectives.

Short term (by 2025)	Medium term (by 2030)	Long term (by 2050)
<p><b>Technology</b> Only products with outstanding energy efficiency and those that help reduce greenhouse emissions can succeed. Unless they keep pace with technological innovation, products could be eliminated</p>		
<p><b>Market Technology</b> Unless we embrace growing trend of recycled material use, we could lose out to competitors and be eliminated.</p>		
<p><b>Physical Acute</b> Suspension of operations due to inland and coastal flooding, and recovery costs such as post-disaster repairs Supply chain stagnation, making it difficult to procure materials</p>		
<p><b>Regulations</b> Energy and greenhouse gas emission costs could increase due to the introduction of carbon taxes, carbon credit trading, and the need to purchase green electricity, etc.</p>	<p><b>Market Technology</b> Sales decline due to failure to meet LCA and carbon footprint requirements</p>	<p><b>Physical Chronic</b> Rising energy costs as part of manufacturing costs become a concern</p>
<p><b>Regulations</b> New air transport regulations could shift freight to other modes such as marine transport, which would lengthen freight delivery periods, generate leftover materials, and require companies to review their suppliers</p>	<p><b>Markets</b> The market for gasoline supply motors shrinks due to declining sales of fossil fuel automobiles</p>	<p><b>Physical Chronic</b> Rising material and mineral costs as part of manufacturing costs become a concern</p>
<p><b>Regulations</b> Due to soaring fossil fuel prices, transport and material costs also skyrocket</p>	<p><b>Markets</b> Demand for fossil fuel automobiles disappears, and the market for our parts dries up as a result</p>	
	<p><b>Lawsuits</b> Contracts were signed with customers to adopt renewable energy, but they are not fulfilled</p>	
	<p><b>Regulations</b> An emergency response plan is specified in the requirements of auto industry customers, and it becomes necessary when obtaining certification in the future</p>	
<p><b>Resilience</b> Severe natural disasters such as floods, pandemics, and earthquakes are expected to become more frequent. By strengthening BCP activities now, we can enhance our appeal to customers</p>		
<p><b>Products and markets</b> Growing demand for power-saving and low-carbon products</p>		
<p><b>Products and markets</b> Expanding demand in the EV/FCV market</p>		
<p><b>Products and markets</b> Increasing demand for Smart City solutions (wireless LED street lights, etc.) as part of measures to save energy, fight crime, and prepare for disasters</p>		
<p><b>Products &amp; Services / Markets</b> Higher sales of sensors and similar products to meet increased demand for vaccines, pharmaceuticals, and nursing care</p>		
<p><b>Products &amp; Services</b> Development of backlight units with a small number of light-source parts, which realize performance equivalent to conventional ones</p>		<p>* Risks Opportunities</p>

■Response plan

We have specified climate change risks and opportunities and have created a response plan for the fiscal year ending March 31, 2023. The plan was devised based on the approach that risk response creates opportunities, and that risks and opportunities are two sides of the same coin.

Risk specification	Opportunity specification
A. Suspension of factory operations due to natural disasters such as floods, typhoons, storm surges, and drought damage	a. Improving customer confidence and our reputation by increasing resilience
B. Earnings deterioration due soaring raw material and electricity prices, as well as new regulations such as carbon taxes	b. Our high-efficiency, low-carbon products will be in demand in a decarbonized, low-carbon society
C. Elimination from the market based on energy-saving performance, and new indicators such as LCA and carbon footprint	c. New markets can be acquired by utilizing our technology to help achieve a decarbonized and low-carbon society
D. Nonfulfillment of contracts with customers, for failing to adopt renewable energy, etc.	



Climate change response measures to be incorporated into the business plan	Risks	Opportunities	Impact Level
BCP establishment to minimize water-related risks such as floods, typhoons and droughts	A	a	High
Improving productivity and resource/energy efficiency, including transport efficiency	B	b	High
Development of highly efficient products utilizing our own technology	C	b,c	High
Responding to customer needs including the adoption of new indicators and renewable energy	C,D	b,c	High
Reducing PFC and SF6 emissions, which have a powerful greenhouse gas effect	C	a	High

Item	Risks	Opportunities	Response plan
Response to water risks	Suspension of plant operations due to flooding, typhoon, flood tides, drought, etc.	Secure the trust of our customers by enhancing resilience	Identify the 24 plants with high water risk based on Aqueeduct*, and confirm the establishment of BCP measures. Measures have been established for the 7 main plants, of which 6 have obtained ISO 22301 certification(Bang Pa-in Plant, Lop Buri Plant, Rojana Plant, Navanakorn Plant, Ayutthaya Plant and Ban Wa Plant).
Improving productivity and efficient use of resources and energy	Deterioration in earnings due to soaring prices of raw materials and power, carbon tax, etc.	Secure earnings through resource-saving, energy-saving, decarbonized production activities	Automation and time reduction in manufacturing processes, reorganization and efficiency enhancements at production sites, modal shift from air to marine freight, installation of high-efficiency, energy-saving equipment, reduction and recycling of scrap, etc.
Improving product performance and providing new products	Market selection based on new indicators such as energy-saving performance, LAC, carbon footprint, tec.	Capture market share by providing resource-saving, energy-saving, low-carbon products	Development and promotion of products such as main motor bearings for Evs, vehicle batteries, various components for Evs/HEVs, fan motors for solar power generation and data centers, LED lighting, CLEAN-Boost(battery-less and wireless) products, various energy-saving, long-lifespan devices, products using bio/recycled plastics, etc.
Responding to customer demands	Failure to fulfill customer demands such as introducing renewable energy, reducing our carbon footprint, tec.	Secure orders by earnestly fulfilling customer demands aimed at decarbonization	Install solar power generation systems for in-house use and procure renewable energy.
Curbing PFC and SF6 emissions	Increase in greenhouse gas emissions due to air emissions of potent greenhouse gases including PFCs and SF6; impediments to production and higher production costs due to the introduction of new regulations	Substantially reduce greenhouse gas emissions and reduce the carbon footprint of related products by curbing PFC and SF6 emissions	Installation and renewal of emissions removal equipment together with the enhancement of semiconductor production equipment.

This response plan for the fiscal year ending March 31, 2023, has been incorporated into the business plans for the same year adopted by each of our business units and factories. After thorough plan implementation, the results will be compiled.

# Strategy

One of our missions is to help realize global carbon neutrality by 2050. For this reason, we aim to reduce our own greenhouse gas emissions and achieve carbon neutral operations. We are also striving to ensure that our products help customers reduce their greenhouse gas emissions.

As part of efforts to reduce our own greenhouse gas emissions, we have set a 30% reduction target to be achieved by the fiscal year ending March 31, 2031 (based on the fiscal year ended March 31, 2021). After achieving this goal, we will proceed with efforts to achieve carbon neutrality by 2050 at the latest.

We are promoting our MMI Beyond Zero initiative to reduce customer greenhouse gas emissions based on the use of our products. Through this effort we are also working to reduce our Scope 3 emissions.

As important business strategies, we will continue to develop energy-saving, resource-saving, and durable products, while supplying parts for products and equipment that help combat climate change, such as electric vehicles, solar power equipment, and green data centers.

According to the results of our scenario analysis (described below), severe weather disasters associated with climate change pose a flood risk and could have a significant impact on our finances. During flooding that occurred in central Thailand in 2011, two of our five factories there were forced to suspend operations. Since then, along with preparing a business continuity plan (BCP), we have taken physical measures to mitigate flood risks, such as constructing embankments and raising the elevation of factory facilities. According to our current assessment, we have now taken appropriate measures to mitigate flood risk at our factories, based on the levels of those risks. We will continue to follow up on the status of these measures and work to improve them so that the risks remain managed.

## ■ Scenario Analysis

### Scenario analysis method

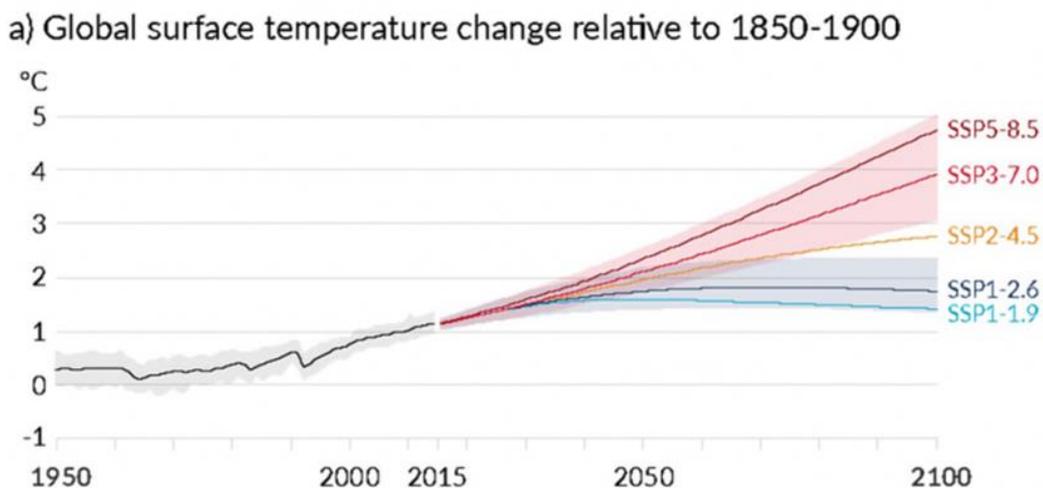
A scenario analysis was conducted using risks and opportunities identified in the fiscal year ended March 31, 2023.

The Sixth Assessment Report of the United Nations Intergovernmental Panel on Climate Change (IPCC) outlines several possible global warming forecasts for the next 30 years. Two of these are SSP1-2.6 (temperature rise of just below 2°C), and SSP1-1.9 (rise of 1.5°C). The International Energy Agency (IEA) also has a sustainable development scenario (SDS) for a temperature rise of just under 2°C. We converted these into a future scenario with a 1.5°C rise. Two other future outlooks, IPCC SSP5-8.5 (4°C rise) and IEA STEPS (4°C rise) were used to create a future scenario with a 4°C rise in average global temperature.

Figure 1 shows the two scenarios: one with a 1.5°C temperature rise and the other with a 4°C rise.

### Reference:

#### Global average temperature rise forecasts based on three IPCC climate scenarios



Source: IPCC AR6 WGIP 30a) Global surface temperature change relative to 1850-1900

**Figure 1: Future outlook based on two scenarios**

	4°C Scenario	1.5°C Scenario
<b>Main Scenarios</b>	SSP5-8.5 (Fossil-fuel based development)	SSP1-2.6 (Sustainable development)
<b>Projected socioeconomic global changes</b>	Rapid technological progress and development of human capital will lead to more competitive markets, and adaptation to climate change will play a central role. <b>As an extension of the current situation, physical risks will have a significant impact on business operations.</b>	By respecting environmental limits, nations will gradually move toward a sustainable path, and greatly advance climate change mitigation. <b>It will be essential to respond to new technologies and markets, including those related to high efficiency, electrification, and optimistic scenarios the world is aiming for.</b>
<b>Environmental technology</b>	Low	High
<b>Laws and regulations</b>	Less stringent	More stringent
<b>Energy costs</b>	High going forward (Petroleum resource depletion)	Increasing over the short term, decreasing over the long term (Expansion of renewable energy)
<b>Flood risk</b>	Frequent	Slight increase
<b>Sea level rise</b>	Major	Minor
<b>Drought risk</b>	Major	Minor
<b>Population increase</b>	High	Low
<b>Consumption trends</b>	Resource intensive, and reliance on fossil fuels	Dematerialization, and saving resources and energy
<b>Other</b>	Human capital development, competitive markets, and focus on innovation	Accelerating investment in education and health, and emphasizing public welfare over economic growth

Projected financial impacts (see note)

Based on the scenario analysis, the graph in Figure 2 was created to show the potential level of financial impact on our company due to climate change (impact on operating income in fiscal 2030, assuming operating income achievement of 250 billion yen). The graph shows the degree of financial impacts from negative and positive factors, namely risks and opportunities. It also shows the impact of response measures taken to minimize negative impacts by mitigating the increased flood risk associated with more severe weather events.

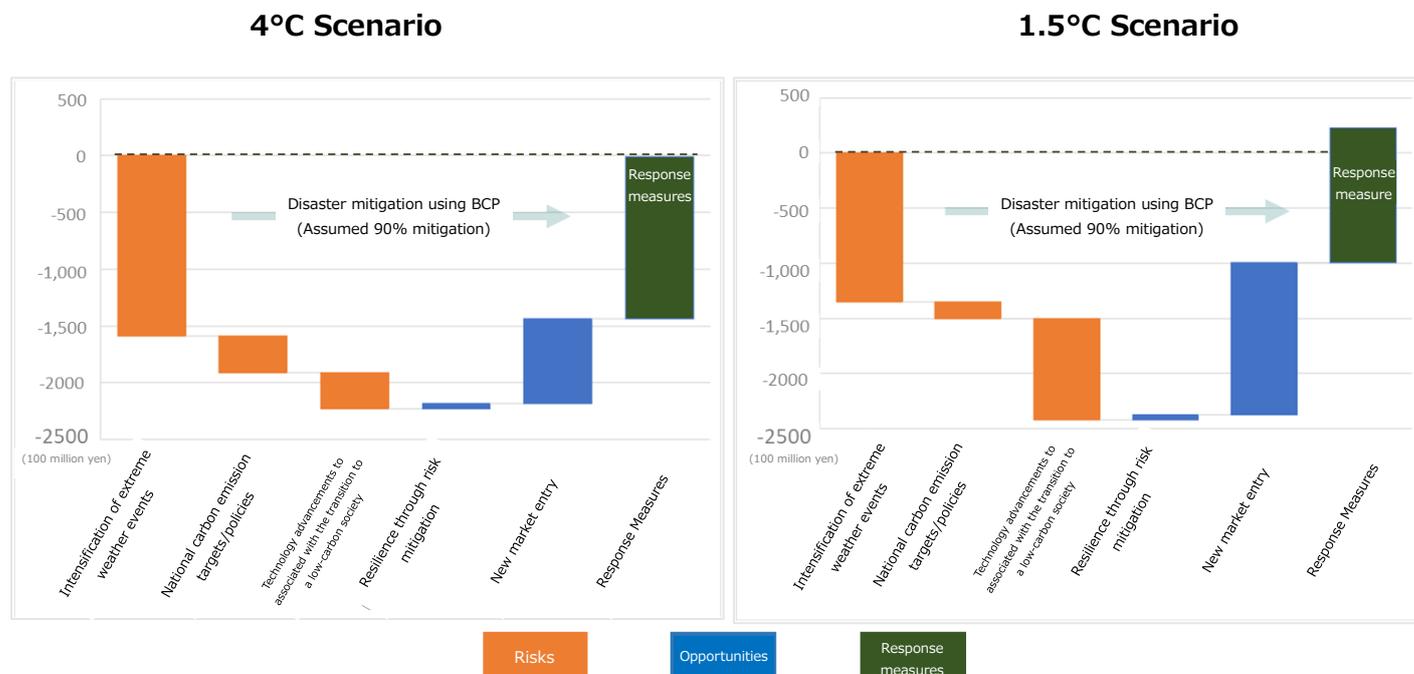
Under the 1.5°C Scenario, the opportunity to enter new markets yields a projected profit of around 140 billion yen. This is larger than the 80 billion yen profit predicted under the 4°C Scenario, indicating the importance of fully seizing business opportunities.

Meanwhile, potential financial losses due to flood damage caused by more severe weather events was very clear in both the 4°C and 1.5°C Scenarios (approximately 130 to 160 billion yen). This is because 25 of our factories are located in areas with high or extremely high risk of river and/or coastal flooding, or droughts according to the Aqueduct Water Risk Atlas. We calculated the financial impact of potential flood damage at these 25 factories in terms of lost output, decreased sales, and repair expenditure. The results showed that the financial losses from flood risk are greater than the financial gains from potential opportunities in terms of increased sales alone.

Using the financial impact calculation method described in the note below, we calculated a large financial loss of over 100 billion yen based on flood risk. To mitigate this risk, as mentioned above, we have prepared a business continuity plan (BCP) and have taken physical disaster mitigation measures according to the risk level. We can confirm that measures are now in place to mitigate approximately 90% of the risks. Accordingly, we believe that such a large negative financial impact is unlikely to occur. However, these sober projections are still being shared to aid understanding of the business risks associated with climate change.

Based on the implementation of measures to mitigate flood damage risk, we expect positive operating income under the 1.5°C Scenario.

**Figure 2. Financial Impact Levels Due to Risks, Opportunities, and Risk Mitigation Measures**



**Note:** Financial impact calculation method

To calculate the financial impacts shown in Figure 2, parameters were determined for likely future developments under the 4°C and 1.5°C Scenarios, respectively. The impact calculations were based on our current financial data (including sales by field and factory, and factory assets, etc.), along with information from the Japanese Ministry of the Environment’s Assessment Report on Climate Change Impacts in Japan (2020), and growth forecasts for individual markets.

As for opportunities, the sales change forecast directly affects the profit level. With the risk of flooding and other water damage however, the negative financial impact appears to be large because the double impact of the resulting decrease in sales due to suspension of operations and the expenditure for repair costs.

Financial impact evaluation and response measures

Figure 3 (1.5°C Scenario) and Figure 4 (4°C Scenario) show the assessed financial impacts based on the scenario analysis and the response measures.

Figure 3. Financial Impact Evaluation and Response Measures (1.5°C Scenario)

Item	Impact on the business	Evaluation *	Response measures to risks/opportunities
<b>Intensification of extreme weather events (supply chain disruption, and suspension of internal operations)</b>	Due to the potential for river flooding near our sites in Thailand, Cambodia and China, repair costs and lost sales could occur. Moreover, sites of Mitsumi Electric (Philippines, etc.) located in coastal areas could be similarly affected by disasters such as storm surges and typhoons.	★★★	<b>Risks:</b> We are reviewing our BCP and establishing a production system that is more resistant to disaster impacts. In addition to taking our own measures, such as establishing duplicate suppliers in our supply chain, that will allow us to adapt more quickly even in the event of a disaster, we will survey the mitigation efforts of our suppliers. ⇒ Integrated Report 2022, page 80, <BCP Initiatives>
<b>Introduction of carbon taxes and emissions trading, and national carbon emission targets and policies (cost increases for policy compliance)</b>	Energy and greenhouse gas emissions costs will increase with the adoption of carbon taxes, emissions trading, and green electricity purchase requirements. At the same time, electricity rates will trend downward along with the widespread adoption of renewable energy.	★	<b>Risks:</b> We will need to promote measures such as CO <sub>2</sub> emissions reduction by investing in energy-saving, as well as Scope 2 emissions reduction by increasing the ratio of renewable energy procurement. ⇒ Integrated Report 2022, page 57, <Aiming to achieve carbon neutrality by 2050>
<b>Technology advancements to associated with the transition to a low-carbon society</b>	There is a growing need for products with outstanding energy-saving performance and those that help reduce greenhouse gas emissions. Those products that cannot keep pace with technological innovation will get eliminated. Moreover, we will need to bear the costs of the necessary R&D and technological development.	★★	<b>Risks:</b> We will need to promote advanced R&D and technological development to meet low-carbon needs, and to make proactive and systematic investment to remain competitive. <b>Opportunities:</b> As the need for high-efficiency products to reduce energy costs will increase substantially, we will aim to expand the market using our energy-saving technology. • We will create a system to calculate the CO <sub>2</sub> emissions reduction effect of our products along with their carbon footprints, and will provide this as part of the design and development output data. ⇒ Integrated Report 2022, page 59, <MMI Beyond Zero (Volume of avoided CO <sub>2</sub> emissions by our products)>
<b>Resilience through risk mitigation</b>	Climate change is expected to make major disasters more frequent, similar to past flooding in Thailand. By implementing the necessary BCP activities, we can enhance the appeal of our products to customers.	★	<b>Opportunities:</b> We will create and maintain an effective BCP, improve communication with customers to enhance our reputation for reliability with them, and disclose information about our BCP system. ⇒ Integrated Report 2022, page 80, <BCP Initiatives>
<b>Changes in product and service needs</b>	As concern about climate change promotes the widespread adoption of electric vehicles, sales volumes for bearings, motors, and other parts necessary for these vehicles could increase substantially.	★★★	<b>Opportunities:</b> • During the transition to a low-carbon society, we will work to expand sales by implementing a growth strategy for our energy-saving technology under our business plan.

<p><b>New market entry</b></p>	<p>As concern about climate change promotes the widespread adoption of electric vehicles, high-efficiency devices (drones and robots, etc.), and clean energy, sales volumes for bearings and other parts necessary for these products could increase substantially.</p>	<ul style="list-style-type: none"> <li>• We will increase investment and promote technological development to enhance the added-value appeal of our products. This includes assessment of product environmental performance, including energy-saving and low-carbon specifications, and labeling our products with relevant carbon footprint data. (GX promotion and target achievement)</li> <li>• Developing and combining next-generation technologies by implementing digital transformation (DX)</li> <li>• We will continue to promote M&amp;A activities globally, and promote a cooperative growth strategy to dominate expanding markets. (Expanding mass production outside Japan) ⇒ Integrated Report 2022, pages 38, 40, 42, and 44</li> <li>&lt;Developing products and supplying components for solving social issues&gt; ⇒ Integrated Report 2022, page 25,</li> <li>&lt;Accelerating growth by developing products and supplying components with will contribute to solving social issues&gt;</li> </ul>
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**Figure 4. Financial Impact Evaluation and Response (4°C Scenario)**

Item	Impact on the business	Evaluation*	Response to risks/opportunities
<p><b>Intensification of extreme weather events (supply chain disruption, and suspension of internal operations)</b></p>	<p>Due to the potential for river flooding near sites in Thailand, Cambodia and China, repair costs and lost sales could be enormous. Moreover, sites of Mitsumi Electric (Philippines, etc.) located in coastal areas could similarly be hugely affected by disasters such as storm surges and typhoons. (Approx. 1.2 times compared to the 1.5°C Scenario)</p>	<p>★★★</p>	<p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>• We are reviewing our BCP and establishing a production system that is more resistant to disaster impacts. In addition to taking our own measures, such as establishing duplicate suppliers in our supply chain, that will allow us to adapt more quickly even in the event of a disaster, we will survey the mitigation efforts of our suppliers.</li> <li>• For logistics, we will consider further modal shifting globally and promote production that is closer to consumption markets.</li> <li>• We will promote ESG-related engagement with parts manufacturers and strengthen these relationships for mutual sustainable development. ⇒ Integrated Report 2022, page 80, &lt;BCP Initiatives&gt;</li> </ul>
<p><b>Introduction of carbon taxes and emissions trading, and national carbon emission targets and policies (cost increases for policy compliance)</b></p>	<p>It is predicted that a certain level of increases in energy and greenhouse gas emission costs will be incurred due to the introduction of carbon taxes, emission trading, and green electricity purchasing requirements, etc., and indirect costs will increase. (Approx. 2.2 times compared to the 1.5°C Scenario)</p>	<p>★</p>	<p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>• We will need to promote measures such as CO<sub>2</sub> emissions reduction by investing in energy-saving, as well as Scope 2 emissions reduction by increasing the ratio of renewable energy procurement, to avoid being subject to regulations.</li> <li>• With renewable electricity procurement in mind, we will prepare for the increased energy costs under the financial plan, and make efforts to improve production efficiency.</li> <li>• We will promote the procurement of renewable electricity while increasing the</li> </ul>

			amount of renewable energy we generate. ⇒ Integrated Report 2022, page 57, <Aiming to achieve carbon neutrality by 2050>
<b>Technology advancements to associated with the transition to a low-carbon society</b>	There is a growing need for products with outstanding energy-saving performance and those that help reduce greenhouse gas emissions. Those products that cannot keep pace with technological innovation will get eliminated. Moreover, we will need to bear the costs of the necessary R&D and technological development.	★	<b>Risks:</b> We will need to promote advanced R&D and technological development to meet low-carbon needs, and to make proactive and systematic investment to keep up with the competition. <b>Opportunities:</b> As the need for high-efficiency products that help reduce energy costs will increase somewhat, we will aim to expand the market using our energy-saving technology. ⇒ Integrated Report 2022, page 59, <MMI Beyond Zero (Volume of avoided CO <sub>2</sub> emissions by our products)>
<b>Resilience through risk mitigation</b>	Climate change is expected to make major disasters more frequent, similar to past flooding in Thailand. By implementing the necessary BCP activities, we can enhance the appeal of our products to customers. (Approx. 1.2 times compared to the 1.5°C Scenario)	★	<b>Opportunities:</b> We will create and maintain an effective BCP, improve communication with customers to enhance our reputation for reliability with them, and disclose information about our BCP system. ⇒ Integrated Report 2022, page 80, <BCP Initiatives>
<b>Changes in product and service needs</b>	As concern about climate change promotes the widespread adoption of electric vehicles, sales volumes for bearings, motors, and other parts necessary for these vehicles could increase substantially. (About half compared to 1.5°C Scenario)		<b>Opportunities:</b> <ul style="list-style-type: none"> <li>During the transition to a low-carbon society, we will work to expand sales by implementing a growth strategy for our energy-saving technology under our business plan.</li> <li>We will promote further technological development to create products with high energy-saving performance.</li> <li>Developing and combining next-generation technologies by implementing digital transformation (DX)</li> <li>We will continue to promote M&amp;A activities globally, and promote a cooperative growth strategy to dominate expanding markets. (Expanding mass production outside Japan) ⇒ Integrated Report 2022, pages 38, 40, 42, and 44 &lt;Developing products and supplying components for solving social issues&gt; ⇒ Integrated Report 2022, page 25, &lt;Accelerating growth by developing products and supplying components with will contribute to solving social issues&gt;</li> </ul>
<b>New market entry</b>	As concern about climate change promotes the widespread adoption of electric vehicles, high-efficiency devices (drones and robots, etc.), and clean energy, sales volumes for bearings and other parts necessary for these products could increase substantially. (About half compared to 1.5°C Scenario)	★★	

\* Meaning of “★” symbol

	<b>Profit</b> (100 million yen)	<b>Costs</b> (100 million yen)
★★★	2,500–1,250	2,500–1,250
★★	1,250–625	1,250–625
★	625–0	625–0

# Targets and Indicators

## ■ Targets

### ○ Greenhouse gas emissions (Scopes 1 & 2)

- Medium-term target:

10% reduction per unit of sales by the fiscal year ending March 2026 compared to the fiscal year ended March 2020

- Long-term target:

30% reduction by the fiscal year ending March 2031 compared to the fiscal year ended March 2021

(\* Achievement of SBT 2°C target, along with long-term business target of 2.5 trillion yen in sales by the fiscal year ending March 2029)

- Ultimate targets: Achieving net zero by 2050 at the latest

### ○ Helping to reduce CO<sub>2</sub> emissions through our products

- 30% increase by the fiscal year ending March 31, 2031, compared to the fiscal year ended March 31, 2021 (approximately 2.3 million tons of CO<sub>2</sub>)

## ■ Indicators (fiscal year ended March 31, 2022)

- Scopes 1, 2 greenhouse gas emissions: 927,000 tons of CO<sub>2</sub> (8.8% increase year-on-year)
- Basic unit of sales for Scopes 1, 2 GHG emissions: 0.825 tons of CO<sub>2</sub> / million yen (4.3% reduction year-on-year)
- CO<sub>2</sub> emissions from power consumption: 820,000 tons of CO<sub>2</sub> (6.1% increase year-on-year)
- Total power consumption: 1,650 GWh (9% increase year-on-year),
- Degree of renewable energy adoption: 7 GWh (adoption rate: 0.4%)
- CO<sub>2</sub> emissions from fuel consumption: 38,000 tons of CO<sub>2</sub> (23% increase year-on-year)
- PFC and SF<sub>6</sub> emissions (CO<sub>2</sub> equivalent): 64,000 tons of CO<sub>2</sub> (33% increase year-on-year)
- CO<sub>2</sub> reduction based on use of our products: 2.49 million tons of CO<sub>2</sub> (42% increase year-on-year)

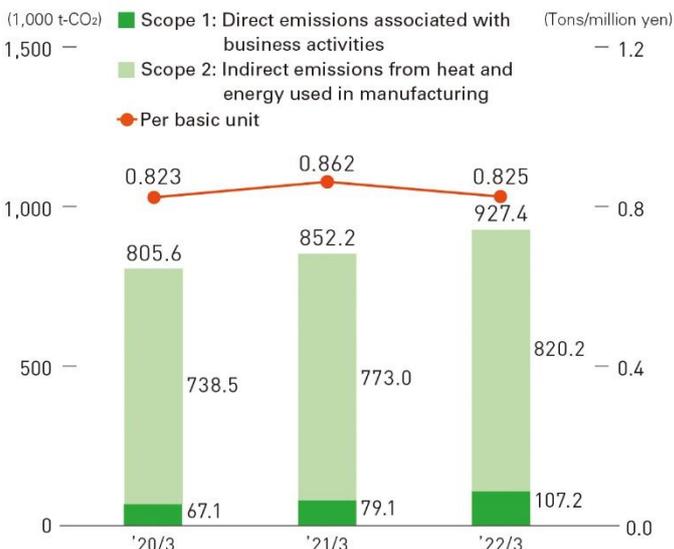
## ■ Supply chain emissions (Scopes 1, 2, & 3)

		(Units : 1000t-CO <sub>2</sub> )		
		'21/3	'22/3	Veri- fied
Scope1		79	107	●
Scope2 *		773	820	●
Scope3		2,739	3,198	●
Category 1	Purchased goods and services	2,259	2,559	●
Category 2	Capital goods	137	221	●
Category 3	Fuel-and energy-related activities (not included in scope 1 or scope 2)	109	120	●
Category 4	Upstream transportation and distribution	171	235	●
Category 5	Waste generated in operations	9	10	●
Category 6	Business travel	11	11	●
Category 7	Employee commuting	42	41	●
Category 8	Upstream leased assets	-	-	
Category 9	Downstream transportation and distribution	-	-	
Category 10	Processing of sold products	-	-	
Category 11	Use of sold products	-	-	
Category 12	End-of-life treatment of sold products	-	-	
Category 13	Downstream leased assets	-	-	
Category 14	Franchises	-	-	
Category 15	Investments	-	-	

\* : Location criteria      ● : Data Verified by Third

## ■ Scopes 1 & 2 emissions

### ■ Scope 1 and 2 emissions



## ■ CO<sub>2</sub> emissions reduction

