

July 13, 2023

To Whom It May Concern,

Company Name	Toyo Denki Seizo K.K.
Representative	Akira Watanabe, President, Representative Director (Stock Code: 6505 TSE Standard)
Inquiries	Jun Nukina, Operating Officer, General Manager, Management Planning Division Tel.: +81-3-5202-8122

Announcement on Expression of Support for TCFD Recommendations and Information Disclosure

Recognizing that responding to climate change is an important management issue, Toyo Denki Seizo K.K. (hereinafter “Toyo Denki”) expressed its support for the Task Force on Climate-Related Financial Disclosures (TCFD)* recommendations in June 2023. We also announce that we have determined to disclose information based on the TCFD recommendations.

We will continue to promote efforts to address climate change issues and strive to disclose appropriate information in order to realize a sustainable society.

*TCFD (Task Force on Climate-related Financial Disclosures)

At the request of the G20, the Financial Stability Board (FSB) created the TCFD in 2015 to study how to disclose climate-related information and the responses of financial institutions. The TCFD recommendations relate to disclosure of information on governance, strategy, risk management, and metrics and targets.

Information disclosure based on TCFD recommendations

In June 2023, Toyo Denki expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD recommendations relate to disclosure of information on governance, strategy, risk management, and metrics and targets. With this endorsement, we will further promote our initiatives to address climate change issues and make efforts to disclose appropriate information in order to realize a sustainable society.



1. Basic idea

At Toyo Denki Group, our long-term vision is to realize a social and industrial infrastructure that is friendly to the global environment based on our outstanding motor drive technology. The Group's mission is to provide a wide and stable supply of environmentally friendly and high-quality products and services in Japan and overseas, and to support social and industrial infrastructure. We believe that this is the sustainability that the Group aims for. In order to fulfill our mission, we will assume risks and opportunities arising from climate change, assess its financial impacts on the Company's operations, take appropriate measures, and enhance information disclosure to realize a sustainable society and enhance corporate value.

2. Governance

In order to promote the Group's sustainability management, we have established the Sustainability Committee to promote company-wide initiatives based on our sustainability policy. The Committee, which is chaired by the Representative Director and President, is held quarterly in principle with each Operating Officer in charge as the main members. We regard climate change as a particularly important theme, set quantitative targets for reducing greenhouse gas (GHG) emissions, and monitor the progress through the Committee. Contents of discussions at the Committee are reported to the Board of Directors and reflected in the Group's management strategy.

3. Strategy

Assuming risks and opportunities associated with future climate change, we analyzed the impact on our business activities using two scenarios: 1.5°C/2°C or lower, and 4°C. As for the time horizon, while focusing on the long term (to 2050), we also assumed the middle term (to 2030) as a transit point. The degree of financial impact on our business activities was assessed on a three-point scale: Large, Medium, and Small.

	1.5°C/2°C or lower scenario	4°C scenario
Outlook on the world	Society as a whole will promote low carbon emissions, achieving certain results in reducing the temperature rise. Demand for energy-saving and environmentally friendly products will increase. Transition risks such as regulations, markets and reputation rise.	Prioritizing economic development, the temperature rise will not stop, and this will worsen the effects of climate change. Low carbon emissions will not be realized and physical risks such as extreme weather events will increase.
Reference scenario	SSP1-1.9, SSP1-2.6 (IPCC AR6) NZE2050 (IEA)	SSP5-8.5 (IPCC AR6)

For assumptions regarding specific climate-related risks and opportunities, please visit our website.
https://www.toyodenki.co.jp/esg_csr/pdf/tcf_d_strategy.pdf

4. Risk management

In the Group, the Sustainability Committee recognizes climate-related risks, deliberates on countermeasures, and monitors the progress. Since the impact of climate change will appear over a medium- to long-term time horizon, the relevant divisions draw up a sustainability roadmap, implement specific countermeasures, and regularly report the progress to the Committee, in addition to the annual business plan and medium-term management plan. Moreover, in order to incorporate sustainability issues into company-wide initiatives, the Sustainability Working Group, which is organized by working-level employees from each business division and the Administration Division, discusses and provides ideas. Contents discussed at the Sustainability Committee are reported to the Board of Directors.

5. Metrics and targets

To curb global warming, Toyo Denki has set the following targets for reducing CO₂ emissions associated with its business activities.

Scope 1 & 2 CO ₂ emissions (Compared with FY2018)	FY2026 targets	FY2030 targets	FY2050 targets
	10% reduction	30% reduction	100% reduction