

### Initiatives for TCFD recommendations

In May 2021, we expressed our support of TCFD (Task Force on Climate-related Financial Disclosures) recommendations. We identify the risks and opportunities posed by climate change in our business and reflect them in our management strategies. We also disclose information based on TCFD recommendations. Through dialog with a wide range of stakeholders, the Group will further strengthen its efforts to address climate change and contribute to the sustainable development of society through its business activities.

### Governance

The Group has established the Sustainability Committee as an organization to promote sustainability management, and has established a system to report its efforts to the Board of Directors as appropriate.

#### Structural diagram



### Strategy

Responses to the risks and opportunities assumed from the scenario analysis results, in line with the TCFD recommendations, are applied to business activities as measures for related materialities such as “Reduce energy loss” and “Respond to climate change.” In addition, we concentrate our R&D resources on areas that lead to “carbon neutrality (environmental impact reduction and decarbonization)” and the “pursuit of safety and comfort” and are accelerating our R&D activities for future growth.

### Risk management

Our financial condition, results of operations and cash flows could be impacted by extreme weather conditions (such as shutting down operations and businesses due to heavy rain, floods or storms) associated with climate change (temperature increases), and by stricter environmental regulations (such as increased procurement costs for raw materials and energy due to the introduction of carbon taxes) in the countries and regions in which we operate.

Regarding the effects of climate change (temperature increases), the risks and opportunities assumed based on the scenario in which the temperature rise during the 21st century is “4 °C” and “less than 1.5 °C” are as follows.

#### Outline of the future vision assumed in scenario analysis

	When the temperature rises by 4 °C (Physical)	When the temperature rises less than 1.5 °C (Transition)
Future image of society	<ul style="list-style-type: none"> <li>Environmental policies such as from the government are passive, and the move to low-carbon and decarbonization has not progressing.</li> <li>The scale and intensification of natural disasters due to climate change are progressing.</li> <li>The number of hot days increases even in seasons other than summer, increasing the risk of heat stroke.</li> </ul>	<ul style="list-style-type: none"> <li>Due to the aggressive environmental policies of the government and other parties, carbon taxes have been introduced, fossil fuel-derived electricity is limited, and the industrial structure is centered on renewable energy (wind power, hydrogen, etc.).</li> <li>The industry as a whole is strengthening efforts such as energy saving to reduce CO<sub>2</sub> emissions.</li> <li>In the automobile industry, the electrification and EVs shift is progressing.</li> </ul>

#### Risks and Opportunities

Classification		Anticipated risks and opportunities	Our countermeasures	Related materiality
Risks	Physical	Downtime at our plants and within the supply chain due to extreme weather conditions (heavy rain, floods, storms)	<Internal> <ul style="list-style-type: none"> <li>Regular confirmation using a hazard map of domestic business sites</li> </ul> <Business Partners> <ul style="list-style-type: none"> <li>Encouragement to build BCP and BCM through Procurement Policy briefing sessions and CSR Procurement Guidelines</li> <li>Introduction of supplier crisis management system</li> </ul>	<ul style="list-style-type: none"> <li>Promote safety and health</li> <li>Procurement activities with an emphasis on environment and society</li> </ul>
	Transition	Risk of heat stroke among employees at plants and such	<ul style="list-style-type: none"> <li>Identification of working environments where air conditioning is not effective</li> <li>Systematic implementation of heat measures</li> </ul>	<ul style="list-style-type: none"> <li>Promote safety and health</li> </ul>
Opportunities	Physical	Increase in procurement and operating costs due to carbon taxes, etc.	<ul style="list-style-type: none"> <li>Promotion of decarbonization in our business activities</li> <li>Considering the introduction of internal carbon pricing</li> </ul>	<ul style="list-style-type: none"> <li>Respond to climate change</li> </ul>
	Transition	Increase in demand for solutions that are useful in preparing for natural disasters and in the event of disasters	<ul style="list-style-type: none"> <li>Securing a lifeline that prevents power shutdown due to natural disasters (providing stationary independent power supply units and transportable independent power supply units to the market)</li> </ul>	<ul style="list-style-type: none"> <li>Provide safety and comfort</li> </ul>
		Increase in demand for energy saving in mechanical devices	<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions by core products</li> </ul>	<ul style="list-style-type: none"> <li>Reduce energy loss</li> </ul>
		Spread of wind power generation equipment	<ul style="list-style-type: none"> <li>Provision of large bearings and CMS services for wind turbines</li> </ul>	<ul style="list-style-type: none"> <li>Realize a sustainable society using natural energy</li> </ul>
Transition	Spread of hydrogen energy	<ul style="list-style-type: none"> <li>Development of product technology and market provision of bearings for hydrogen energy-related equipment</li> </ul>	<ul style="list-style-type: none"> <li>Realize a sustainable society using natural energy</li> </ul>	
	Spread of EVs and electrified vehicles	<ul style="list-style-type: none"> <li>Development of product technology and market provision of electric module products</li> </ul>	<ul style="list-style-type: none"> <li>Reduce energy loss</li> </ul>	

### Metrics and targets

Among 13 items of materiality, the target of “respond to climate change” is “Achieve carbon neutrality by the fiscal year 2035 (by the fiscal year 2050 for the entire supply chain).” Also, we have set a “50% reduction in CO<sub>2</sub> emissions in business activities in the fiscal year 2030 compared to the fiscal year 2018” as KPIs (management indicators) for the fiscal year ended March 2023 and beyond.

For the fiscal year ended March 31, 2023, CO<sub>2</sub> emissions were reduced by 22.6% compared to the fiscal year 2018, relative to the KPIs (management indicators). We recognize the need to strengthen further our efforts to achieve the plan. As of April 1, 2023, we have established the Carbon Neutrality Strategy Promotion Department, a dedicated organization for promoting carbon neutrality, to strengthen the promotion of various measures to achieve carbon neutrality.