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# **Disclosing Information in Line with TCFD Recommendations**

**February 14, 2025**

 **MEC COMPANY LTD.**

Based on Vision for 2030, “Becoming the world's best creator of interfaces and connecting them to the world.,” the MEC Group has identified six material issues that management will address in order to contribute to the creation of a prosperous and enriching society and environment by creating interfacial value through business activities. As a manufacturing company, we regard climate change as an important management issue and have identified “environmental conservation” as one of our material issues. In February 2023, we expressed our support for the TCFD recommendations, and we are promoting activities by disclosing information on the risks and opportunities that climate change poses to our business, as well as the countermeasures we plan to take, in accordance with the recommendations.

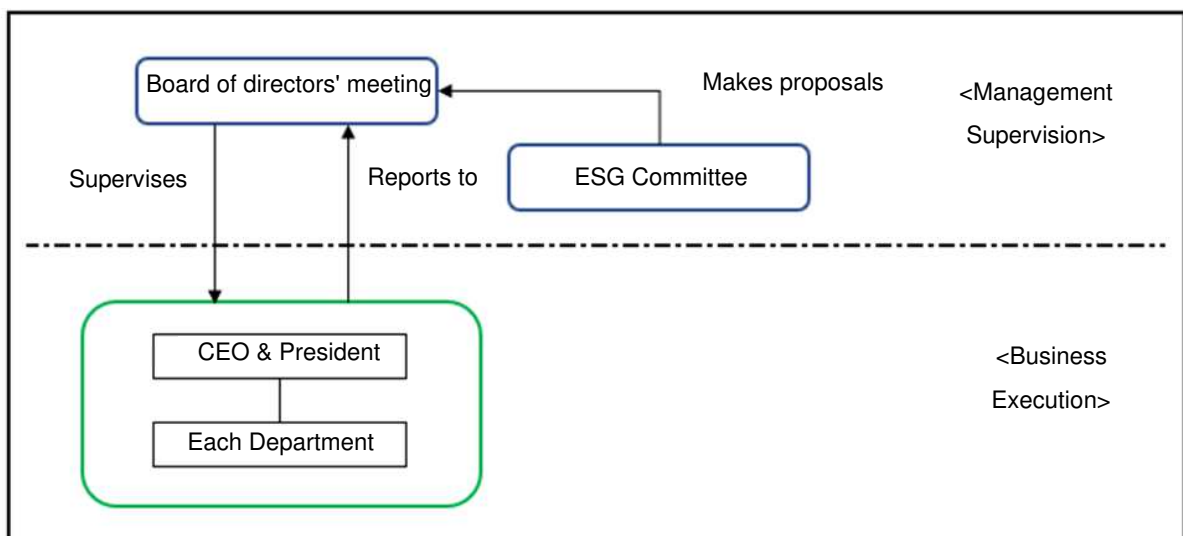
## Governance

As an R&D-oriented company, we have positioned climate change as an important management issue and promote activities to curb its effects.

The ESG Committee(\*), chaired by the CEO & President, deliberates and formulates the risks and opportunities of climate-related surrounding the Company as well as related proposals, which are then submitted to the Board of Directors at least once a year.

The Board of Directors, upon receiving recommendations from the ESG Committee, is responsible for policy decisions on climate change response, promoting initiatives for risks and opportunities, and achieving targets. It also oversees the effectiveness of the proposed measures.

(Climate Change-Related Governance Structure)



\*ESG Committee

The purpose of the committee is to formulate and propose management strategies (ESG management strategies) to promote corporate governance reform, fulfill social responsibilities, and encourage environmental conservation activities in a unified (co-progressive) manner. Based on the recommendations of the committee, the Company has realized a broadening and diversification of its management strategies, creating corporate value over the medium to long term through rich relationships with employees, customers, society, and the natural environment.

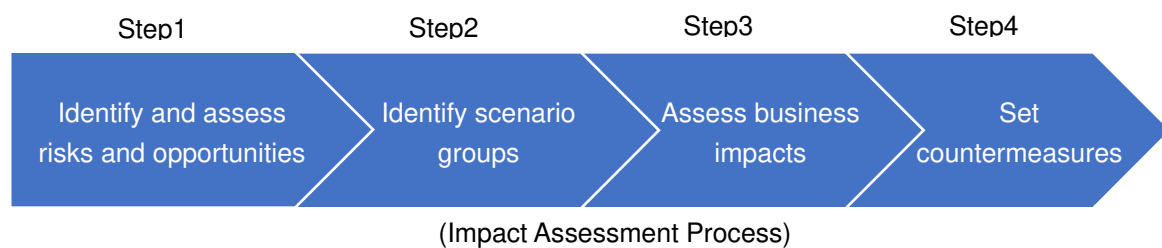
The committee is chaired by the CEO & President, and the majority of its members are Independent Outside Directors.

Committee meetings are held about four times a year, and the ESG Promotion Department is in charge of the secretariat.

## Strategy

The TCFD requests that companies disclose how risks and opportunities related to climate will affect their finances. In the TCFD recommendations, climate-related risks are classified into the categories of “transition” and “physical.” Based on the recommendations, the Company considered risks, with 2030 as the target year set out as the vision to aim for. In this process, we identified risks that are closely related to our business and pinpointed particularly significant risks.

We also worked to ascertain the environmental issues and changes in the business environment associated with climate change as well as the opportunities that will arise from their impacts and identified the opportunities from changes due to “transition.”



(Scenario Analysis Based on Risks and Opportunities)

The Paris Agreement calls for efforts to keep the global average temperature increase well below 2°C above pre-industrial levels, and to limit the increase to 1.5°C.

With reference to the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, the World Energy Outlook by the International Energy Agency (IEA), and other sources, the Company envisioned the world in 2030 based on a 4°C scenario by CPS\*1, a less than 2°C scenario by SDS\*2, and a 1.5°C scenario by NZE\*3 and began an examination of transition risks and physical risks in

business management. In the “Below 1.5/2°C scenarios,” where climate change measures are progressing, policy regulations are strengthened to achieve carbon neutrality, and society as a whole proactively takes measures to combat climate change. In these scenarios, demand for environmentally-friendly products is expected to increase, opportunities for new markets in the electronic circuit board and semiconductor industry are created, and production and raw material procurement costs are expected to rise due to the introduction of a carbon tax.

In the “4°C scenario,” decarbonization measures are not sufficiently promoted, increasing the possibility of being impacted by more frequent and severe natural disasters such as floods.

In assessing risks and opportunities related to climate change, we considered their relative importance to our company and stakeholders. The timing of occurrence is defined as either “medium term,” which is up to 2030, the final year of the medium-term management plan (Phase 3), or “long term,” which is from 2031 onward. The degree of impact is in terms of the frequency of occurrence and monetary impact, and is evaluated as “small,” having little to no impact, “medium,” having a partial impact on business, or “large,” being serious enough to stop or significantly shrink or expand business.

- \*1 CPS: Current Policy Scenario
- \*2 SDS: Sustainable Development Scenario
- \*3 NZE: Net-Zero Emissions by 2050 Scenario

■ List of Risks Regarding Climate Change

Transition	Policies/Regulations	<ul style="list-style-type: none"> <li>• Increased operating costs due to the introduction/expansion of carbon tax</li> <li>• Difficulty in procuring raw materials and restrictions/prohibitions regarding production and sales of raw materials/products in accordance with laws and regulations in each country</li> </ul>
	Technology	<ul style="list-style-type: none"> <li>• Increased production costs</li> <li>• Delayed development for environmentally friendly products</li> <li>• Increased investment costs for development of environmentally friendly products</li> </ul>
	Market	<ul style="list-style-type: none"> <li>• Decreased demand for commodities that use large amounts of water</li> </ul>
	Reputation	<ul style="list-style-type: none"> <li>• Deterioration of corporate brand and reputation due to stricter evaluation standards and delays in responding to the expansion of disclosure requirements</li> </ul>
Physical	Acute	<ul style="list-style-type: none"> <li>• Increased frequency/severity of abnormal weather/natural disasters</li> </ul>
	Chronic	<ul style="list-style-type: none"> <li>• Instability regarding supply of water, electricity, raw materials, and natural resources</li> </ul>

Risks considered to be particularly important from the above table and risk list are shown in the following table.

■ Risks Related to Climate (Below 1.5/2°C Scenarios): Changes to the “Transition” to a Low-Carbon Economy

Assumed Risks		Company Response	Degree of Impact			Timing of Occurrence		
			Small	Medium	Large	Short Term	Medium	Long Term
Policies/Regulations	Decreased sales due to difficulty in procuring raw materials and restrictions/prohibitions regarding production and sales of raw materials/products in accordance with laws and regulations in each country	<ul style="list-style-type: none"> <li>• Early collection of market needs</li> <li>• Preemptive development of environmentally friendly products</li> <li>• Enhance supply chain management</li> </ul>	○	-	-	-	○	○
	Increased operating costs due to the introduction/expansion of carbon tax		○	-	-	-	○	○
Technology/Market	Decreased sales due to customers changing their production processes to make them more environmentally friendly and our Company being unable to follow suit		-	○	○	-	○	○

■ Risks Related to Climate (Below 4°C Scenario): Changes to the “Physical”

Assumed Risks		Company Response	Degree of Impact			Timing of Occurrence		
			Small	Medium	Large	Short Term	Medium Term	Long Term
Acute	Decreased sales due to suspension of operations at business sites and factories as a result of increasingly severe and frequent abnormal weather and natural disasters, and suspension of purchases and shipments due to transportation network interruptions	<ul style="list-style-type: none"> <li>• Maintain and strengthen alternative production systems</li> <li>• Enhance supply chain management</li> <li>• Develop/strengthen BCPs (Flexible work systems, etc.)</li> </ul>	-	○	○	-	○	○

Opportunities arising from the environmental issues and changes in the business environment caused by climate change, as well as the impact of such changes, are shown in the table below.

■ Opportunities Related to Climate: Changes to the “Transition”

Assumed Opportunities		Company Response	Degree of Impact			Timing of Occurrence		
			Small	Medium	Large	Short Term	Medium Term	Long Term
Resource	Increased sales of environmentally friendly products due to progress in DX/GX		-	○	○	-	○	○
Applications/Products/Services	<p>Increased sales due to growth and development of the semiconductor and digital industries along with progress in DX/GX, and due to expansion of demand for electronic components related to the Company resulting from an expansion of areas applying AI technology [Automotive-related]</p> <p>An increase in sales opportunities for the Company's products due to higher demand for automotive semiconductors and substrates in conjunction with the progress of automated driving technologies and the proliferation of EVs [High frequency-related]</p> <p>An increase in sales opportunities for the Company's products due to an expansion of the data center market in conjunction with the proliferation of cloud services and rising demand for big data analysis [Semiconductor-related]</p> <p>An increase in sales opportunities for the Company's products due to an expansion in demand for semiconductor and package substrates to support advances in IoT and AI technologies and high-capacity, high-speed communication</p>	<ul style="list-style-type: none"> <li>• Early collection of market needs</li> <li>• Preemptive development of environmentally friendly products</li> </ul>	-	○	○	○	○	○

(Scope) MEC Group as a whole

(Impact) Based on frequency of occurrence and monetary impact

Small: Almost no impact (less than 100 million yen)

Medium: Impact on some business (between 100 million and 1 billion yen)

Large: Impact is enough to halt or significantly reduce or expand business (1 billion yen or more)

(Timing for occurrence (manifestation))

Short term: Up to 2027, which is the final year of Phase 2 of the medium-term management plan aimed at achieving the MEC 2030 Vision

Medium term: Up to 2030, which is the final year of Phase 3 of the medium-term management plan aimed at achieving the MEC 2030 Vision

Long term: 2031 onward

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## **Risk Management**

The Company identifies, analyzes and assesses risks related to our business and the environment, including climate change, by continually implementing business risk management, information security, quality, environment, and occupational safety and health management systems as part of our risk management process. The secretariat of each committee reports on important matters at monthly quality meetings, semi-annual Risk Management Committee meetings and Compliance Committee meetings. Each year, the committees work with related departments on climate change-related risks and opportunities to recognize and confirm the progress of such risks and opportunities. The secretariat of each committee reports significant risks and impacts identified through the assessment process to the ESG Committee for its discussion and decision making. The Board of Directors is also consulted as necessary.

## **Metrics and Targets**

Our Group has set the following two qualitative objectives for 2030 as a response to climate change issues related to environmental conservation.

- Earnestly address global environmental issues for the sustainable growth of society
- Reduce energy use and work toward net zero emissions

More specifically, we set the following CO<sub>2</sub> reduction target.

- Reduce actual total Scope 1 and 2 emissions in Japan by 50% by FY2030 (base year: FY2017)
- Aim for net zero CO<sub>2</sub> emissions by 2050

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For information on the Group's CO<sub>2</sub> emissions, please refer to Sustainability Report 2025, scheduled to be published on the Company's website in July 2025.

Page of publication <https://www.mec-co.com/en/sustainability/report/>