

TATSUTA's Initiatives to Address the TCFD Recommendations

TATSUTA declared its support for the Task Force on Climate-Related Financial Disclosures (TCFD) in March 2022. We conduct scenario analysis based on the TCFD approach, identify risks and opportunities for our business activities, and work to reflect these in our management strategy. We have been actively pursuing a range of initiatives to drive carbon neutrality, provide environmentally friendly products and services, and promote recycling and energy saving, among other initiatives, based on a recognition that the sustainable development of society is fundamental for the sustainable growth of the Group.



Governance

We have established an ESG Committee chaired by the President & Representative Director to promote sustainability management across the entire Group. The ESG Committee, which meets twice a year (and anytime necessary) is engaged in the ongoing roll-out of sustainability measures by setting targets for sustainability, including climate change countermeasures, monitoring their progress, evaluating and managing risks and opportunities, and evaluating achievements. The results are reported to the Board of Directors, which manages and supervises the Committee. The ESG Committee had four meetings in the fiscal year ended March 31, 2023.

Strategies

We analyzed the impact of climate change on the TATSUTA Group based on the climate change scenarios for 2050. The result of our analysis shows that the financial impact on the Group as a whole will be limited. Even though we anticipate that climate change will have some negative impact on the Group's business management, we also expect to be able to respond to these risks and capture business opportunities such as the sale of products that contribute to climate change countermeasures.

The climate change scenarios are based on the following worldviews. Our business groups and related departments are working together to identify and analyze climate change-related risks for each of the scenarios.

<p>1.5°C scenario Under this scenario, the rise in global average temperatures from before the industrial revolution is assumed to be kept within 2°C, in line with the goal of the Paris Agreement.</p> <ul style="list-style-type: none"> ✓ Natural disasters increase due to rising average temperatures, but this increase does not exceed a certain level ✓ Corporate business costs increase due to the introduction of strict climate change countermeasures ✓ Technological innovation progresses, driven by low-carbon and decarbonization measures 	<p>4°C scenario Under this scenario, no new policies or programs are implemented, and the rise in global average temperatures from before the industrial revolution is assumed to be 4°C.</p> <ul style="list-style-type: none"> ✓ Average temperatures rise significantly, and natural disasters become more frequent and intense ✓ Corporate business costs increase somewhat due to the introduction of climate change countermeasures ✓ Coastal areas are significantly impacted by rising sea levels, flooding, and torrential rain (it becomes necessary to revise lifestyles and BCP, and corporate business costs increase)
--	---

Impact analysis results TATSUTA recognizes the following as significant opportunities and risks related to climate change.

1.5°C scenario (opportunities and risks)

Opportunities /Risks	Type	Social changes	Anticipated scenarios	TATSUTA's response policies
Opportunities	Market, technology, and reputation	●Changes in the composition of the power supply due to the energy mix	●Increase in demand for TATSUTA's power cables for solar power plants and power transmission and distribution network enhancements associated with the increasing spread of renewable energy	●We will monitor market trends and engage in sales promotion activities for fields where demand is expected.
		●Development and spread of advanced technologies aimed at decarbonization	●Expansion in demand for TATSUTA's electronic materials such as functional films and functional pastes due to the development and spread of the advanced electronic equipment needed for applications such as larger and more efficient renewable energy production facilities and advances in energy-saving technologies	●We will capture technological trends and market information to develop and sell products.
Risks	Policy, and laws and regulations	●Stronger environmental regulations related to GHG emissions	●Transition costs associated with the shift to renewable energy	●In consideration of the demands of society and our corporate customers, we have established a plan to achieve carbon neutrality (Scope 1 and 2) at our operational sites and affiliated companies in Japan by the fiscal year ending March 31, 2026. ●We see no significant financial impact at present due to the transition of electricity, gas, and fuels to renewable energies or CO ₂ credit trading. ●We will promote energy-saving measures and seek to procure renewable energy at more reasonable prices. ●We will generate our own electric power to mitigate the impact of rising power procurement costs.
		●Introduction of carbon taxes and emission rights trading	●Costs associated with the introduction of carbon taxes and emission rights trading	
	Market, technology, and reputation	●Rapid transition to low-carbon and decarbonization	●Rise in the price of copper and other metals whose demand is anticipated to increase from applications such as power generating facilities using renewable energy, EVs, and green fuels (intensifying competition for resources)	●We will endeavor to transfer costs onto the price of our products and reduce production costs.
	Physical risks	●Increase in natural disasters, but curbed to some extent by climate change countermeasures	●Possible impact on ensuring the safety of business and employees due to a certain increase in natural disasters	●We will formulate and establish BCP in anticipation of an increase in natural disasters. ●We will implement measures to ensure the health and safety of employees.

4°C scenario (opportunities and risks)

Opportunities /Risks	Type	Social changes	Anticipated scenarios	TATSUTA's response policies
Opportunities	Market, technology, and reputation	●Increasing intensity and frequency of abnormal weather (typhoons, wildfires, flooding, rainstorms)	●Increase in demand for shift from conventional wires to electric wires superior for preventing disconnections to prepare for natural disasters	●We will monitor market trends and engage in sales promotion activities for fields where demand is expected.
Risks	Physical risks	●Increasing intensity and frequency of abnormal weather (typhoons, wildfires, flooding, rainstorms) ●Changes in precipitation and weather patterns (increase in rainfall and rise in average temperatures)	●Supply stoppages for copper and other raw materials due to natural disasters ●Localized shutdowns of TATSUTA's operating sites due to flood damage in low-lying areas and natural disasters ●Securing the safety of employees due to increased rainfall ●Decline in the efficiency of operations by employees due to an increase in epidemics, heatstroke, etc.	●We will formulate and establish BCP in anticipation of an increase in the severity of abnormal weather. ●We will implement measures to ensure the health and safety of employees.

Risk management

At TATSUTA, we follow the following procedures to appropriately manage risks related to climate change.

Identification and evaluation	Management and integration into companywide risk management
<ul style="list-style-type: none"> ■ The Corporate Planning and Coordination Department cooperated with business groups and related departments to investigate and reveal the risks and opportunities, based on the status at other companies and the opinions and advice of external agencies. The Board of Directors, Board of Managing Officers, and ESG Committee deliberated on the risks and opportunities revealed to identify and evaluate them. ■ The ESG Committee, which meets regularly, sums up the overall status of action, and discusses whether there are any new risks or opportunities related to climate change and a need of update, as well as identifies and evaluates them. 	<ul style="list-style-type: none"> ■ The status of action summarized and matters related to risks found by the ESG Committee are reported to the Board of Managing Officers and the Board of Directors, and are also communicated to the Risk Management Committee, to integrate the findings into the Group's overall risk management reflecting updated risks.

Indicators and targets

Pursuing carbon neutrality

The TATSUTA Group has been actively promoting the reduction of CO₂ emissions through company-wide efforts, including "energy generation" by installing new or additional solar power generation systems at three plants in Japan, and "energy saving" by upgrading to more energy-efficient facilities and energy-saving activities at workplaces and other locations.

Toward achieving carbon neutrality, we are working to introduce solar power generation systems and shift to electric power sourced from renewable energy and carbon-neutral LNG, based on our plan in consideration of the request of society and our corporate customers. In the functional films business, we have been carbon neutral (Scope 1 and 2) since April 2022, including the purchase of CO₂ credits. We plan to achieve carbon neutrality (Scope 1 and 2) at our other operational sites and affiliated companies in Japan by the fiscal year ending March 31, 2026. We have designated CO₂ emissions volume (Scope 1 and 2) as an evaluation metric.

Promoting energy saving

In view of increased costs from switching to renewable energy-based electricity and gas and purchasing CO₂ credits, we target a reduction of 1% or more in "energy consumption per unit of production" which we use as a metric. In the fiscal year ended March 31, 2023, to make the effects of our energy-saving activities more visible, we also added "expected effect of rationalization of energy use" as a new indicator to measure the energy-saving effects of our actions, such as introducing in-house solar power and other generation equipment as a renewable energy source, and upgrading to more energy-efficient equipment. While making thorough energy-saving efforts, we have been promoting price pass-through to products and services.

Promoting recycling

We engage in recycling to reduce waste, targeting a recycling rate of 95% or more. In the fiscal year ended March 31, 2023, the scope of management was expanded from TATSUTA Electric Wire & Cable on a non-consolidated basis to the group companies in Japan. We have achieved a recycling rate of 95% or more as the TATSUTA Group (in Japan). While working to achieve targets at all of our operational sites in Japan, we will work to expand the scope of the activities to overseas subsidiaries to cover the entire group.

Develop environmentally-friendly products and services

We are striving to develop new and improved environmentally-friendly products to reduce environmental impact. In the electric wire and cable business, we are developing eco-friendly electric wires and cables that boast the same level of fire resistance as conventional vinyl chloride-coated products but utilize highly-recyclable coatings and contain no halogen elements, lead, or other heavy metals. In the electronic materials business, we are developing products with attention to environmental compatibility, epitomized by halogen-free, Restriction of the Use of Certain Hazardous Substances (RoHS), UL, and lead-free reflow soldering. In our environmental analysis business, we carry out environmental analysis and industrial waste analysis, including services such as dioxins analysis and working environment measurement, and we will aim to expand this business.