

## Information disclosure based on the TCFD framework for climate change

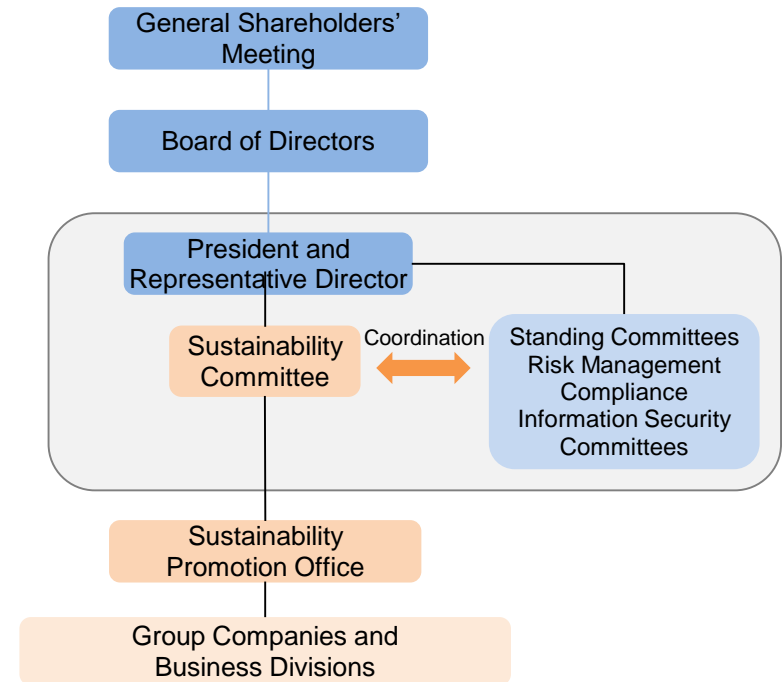
### ① Governance

Practicing the principles of our Management Philosophy<sup>7</sup> will enable Fujitec to achieve harmonious coexistence with society and nature, as well as contribute to the creation of sustainable societies. We work together with stakeholders in a variety of business activities that include the pursuit of safety and security, human resources development, technology transfer, social contribution and environmental activities.

The Sustainability Committee, under the supervision of Fujitec's Representative Director and President, analyzes and manages risks and opportunities related to climate change. Together with other sustainability issues and initiatives, the Committee confirms alignment with management plans, managing and overseeing the implementation of relevant measures. The Sustainability Committee also reports to the Board of Directors on important sustainability issues, including climate change, as required.

Specific analyses and measures related to climate change issues are conducted by the Sustainability Promotion Office under the supervision of the Board of Directors, the Sustainability Committee and the owner of the environmental materiality.

In addition, the Sustainability Promotion Office collaborates with group business units, head office organizations, and subsidiaries to incorporate climate change risks and opportunities into business strategies and consider measures to address climate change-related issues, management indicators, and targets. The Office escalates and reports to the Sustainability Committee.



## ②Strategy: Climate Change Risks and Opportunities

We conducted a qualitative analysis of the impact of climate change on business and performance based on the TCFD framework.

### Scenarios

We conducted scenario analysis based on the following two scenarios:

- Scenario below 2°C (IPCC SSP1-2.6 scenario):  
Scenario of transition to a low-carbon economy
- 4°C scenario (IPCC SSP5-8.51):  
Scenario of increased risk of physical climate change

The basic time horizon of the analysis was the year 2030 for transition risks and the year 2050 for physical risks.

### Scope

We selected Fujitec Co., Ltd. and consolidated subsidiaries as the scope of analysis.

The risks and opportunities related to climate change identified are shown in the table on the next page.

Fujitec will continue to assess the financial impact of the risks and opportunities identified, to generate countermeasures to address the risks and opportunities.

# Climate Change Risks and

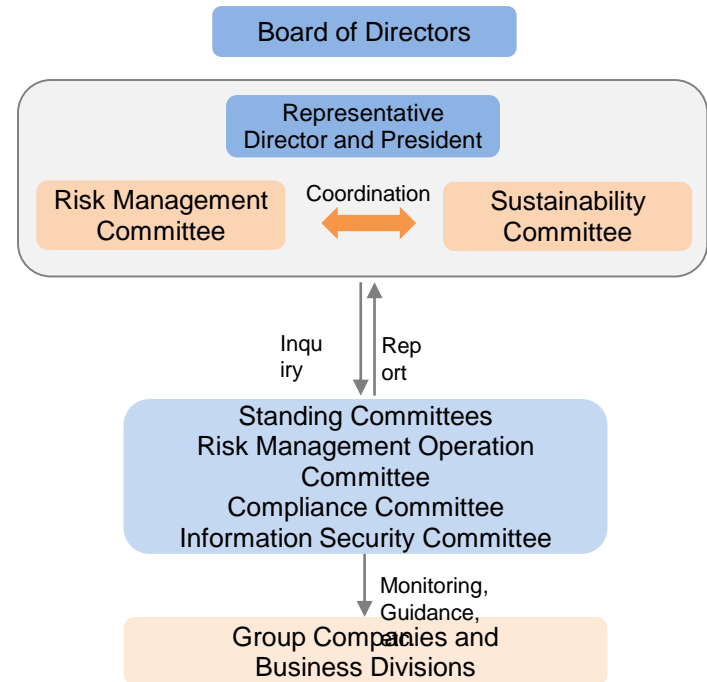
	Category	Emerging Global Trends	Temperature Scenario	Business Risks (The nature and degree of qualitative impact)	Impact Assessment	Time Horizon Medium-term: 2030 Long-term: 2050	Opportunities (The nature and degree of qualitative impact)	Impact Assessment
1	Government Policy and Legal Risks	Energy intensity regulations for buildings	2.0°C	Greater pressure to develop energy-saving products to lower per-unit energy use in buildings; risk of lower sales if unable to respond to competition	Low-Medium	Medium-term	Pursue energy-saving efficiency by reducing elevator weight and adopting regenerative power; expand sales opportunities in response to increased demand for energy-efficient elevators	Medium
2	Government Policy and Legal Risks	ZEB adoption target	2.0°C	Tighter regulations (mandatory submission of product GHG emissions data, etc.); lost sales opportunities if unable to comply	Low-Medium	Medium-term	Pursue energy-saving efficiency by reducing elevator weight and adopting regenerative power; expand sales opportunities in response to increased demand for energy-efficient elevators	High
3	Market Trends	Soaring raw materials prices (iron, aluminum, copper)	2.0°C	Soaring raw material prices due to increased costs of metal raw materials caused by CO2 emissions regulations	High	Medium-term	Develop EVs (elevators and escalators) that use less metal and are lighter in weight, expand sales opportunities	Medium
4	Market Trends	Tighter regulations on industrial waste	2.0°C	Cost increases due to waste management associated with modernization of existing elevators	Medium High	Medium-term		
5	Market Trends	Decarbonization of transportation	2.0°C	Soaring freight rates for difficult-to-electrify means of transportation such as air and sea	Medium High	Medium-term		
6	Market Reputation	Decrease in inquiries from customers for companies that are late/not ready for decarbonization	2.0°C	Decrease in inquiries and sales from new and existing clients due to delay in adapting to decarbonization	Medium	Medium-term	Raise competitiveness by developing and marketing energy-saving, resource-saving, and environmentally friendly products that contribute to customer decarbonization	Medium
7	Market Reputation	Negative reputation among and divestment by investors related to companies that are late/not ready to decarbonize	2.0°C	Delay in adapting to decarbonization resulting in lower investor valuations and share price declines	Low	Medium-term		
8	Increase in average temperature	Lower labor productivity and higher costs of response due to increased heat stress	4.0°C	Increased risk of lower labor productivity, including employee health issues due to inadequate response in summer season	Medium High	Long-term		
9	Increase in average temperature	Increase in the number of extremely hot days due to higher average temperatures	4.0°C	Decrease in capacity utilization due to shutdown restrictions when outdoor temperatures exceed certain levels	High	Long-term		
10	Greater intensity of extreme weather events	Increased frequency of flooding due to heavy rain and more frequent precipitation	4.0°C	Opportunity losses due to suspension of business activities, decline in asset values and impairment losses due to damage to equipment, products, inventory, etc.	High	Long-term	Maintenance and modernization opportunities due to breakdown and abandonment of existing equipment in coastal areas (Develop elevators that resist water damage by changing the layout of machine parts, etc.)	Medium-High
11	Greater intensity of weather disasters	Damage to supplier sites due to weather disasters	4.0°C	Supply chain disruption, transportation delays, delays in raw material procurement, cost increase	High	Long-term	Reputation/increased reputation among customers and business opportunities due to quick response to disasters, including parts supply and repairs (if supply chain risk management in place)	Low
12	Greater intensity of weather disasters	Increased frequency of flooding, power outages, etc., due to weather disasters	4.0°C	Risk of damage to reputation among customers if the company is unable to respond quickly and flexibly to restore customer facilities in the event of a disaster	Medium	Long-term	Opportunities resulting from rapid recovery, increased efficiencies due to optimal allocation of recovery personnel via DX, remote monitoring, etc., during major disasters	Medium

## ③ Risk Management

Fujitec established the Risk Management Committee, chaired by our President, to reduce business risks and eradicate risks that have a major impact on society, including ethical, legal, environmental, and quality issues. The Committee strives to ensure the early detection of risks and appropriate response measures.

As a subordinate organization, the Risk Management Operation Committee was established to collect information, provide guidance and management of risk management functions on a company-wide basis. This Committee is also charged with taking prompt and appropriate action to deal with potential risks surrounding the company.

As with company-wide risk management processes, once analyses have been performed by the Sustainability Committee and the Executive Committee, the Risk Management Committee reports to the board of directors as appropriate about the degree of impact and management status of important risks related to climate change.

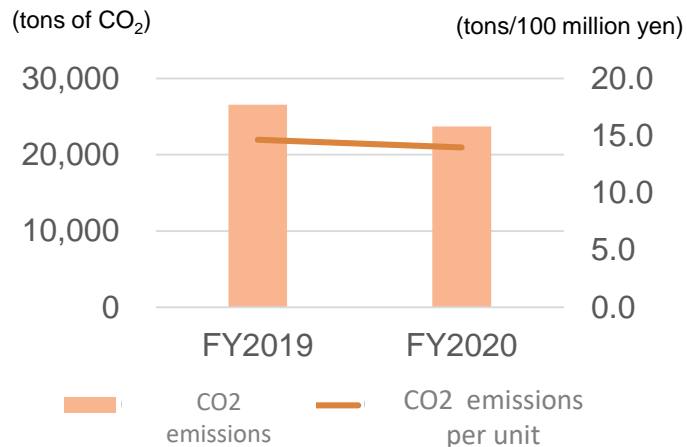


## ④ Indicators and Targets

Fujitec Group greenhouse gas (GHG) emissions (Scope 1 and 2) are shown below.

CO<sub>2</sub> emissions for Scope 1 and 2 in fiscal 2020 were 23,691 tons, down 10.8% from the previous year. CO<sub>2</sub> emissions per unit of sales also decreased to 14.0 tons/100 million yen from 14.6 tons/100 million yen in the previous year.

Fujitec Group CO<sub>2</sub> emissions\*1



As company that aims to make a positive impact on the environment and society, Fujitec takes a proactive stance to our social responsibilities. We consider how we can contribute to decarbonization and solutions to other social issues in ways only a company responsible for social infrastructure can.

As part of our decarbonization efforts, we will continue to capture Scope 3 GHG emissions while sharing information with suppliers in our supply chain.

In the future, we will formulate targets for contributing to decarbonized societies, considering the best formats for disclosure.

Note 1: Scope consists of Fujitec Co., Ltd. and consolidated subsidiary locations.