

Climate change-related information disclosure based on TCFD recommendations

Attitude

For many years, the Meiden Group has been aware of the major problem of climate change, and has worked to solve this problem through business. With regard to TCFD*, we endorsed the TCFD recommendations in June 2019, we began considering risks and opportunities according to the TCFD framework in 2020, and we are promoting the incorporation of this in our strategies.

* TCFD: Task Force on Climate-related Financial Disclosures established by the Financial Stability Board (FSB).



Governance / Risk Management

Governance

In response to the issue of climate change as it relates to economic policies and the global situation, Meiden Group has tasked the manager in charge of promoting sustainability, an individual with superb insight honed through experience both within and outside the Group, with general implementation, while the Corporate Policy Planning Group's Sustainability Management Promotion Division uses its expertise on environmental policy and technology to formulate and enact strategies, create countermeasures for each category, and promote monitoring.

Furthermore, the Sustainability Management Strategy Committee and the Sustainability Management Promotion Committee handle all general matters involving sustainability and these two committees explore potential strategies for decarbonization. The manager in charge of promoting sustainability and the Sustainability Management Promotion Division both report on the content of meetings twice annually to the Board of Directors, and the Board oversees the validity

of plans and strategies as well as the state of implementation. Alongside these efforts and as a way of managing the progress of environmental activities within the Group, the Meiden Group Environmental Committee, which is chaired by a production manager, meets quarterly to uncover issues within the Company, set environmental goals, devise action plans, and discuss emergency responses in order to promote and monitor the deployment of concrete policies for environmental management.

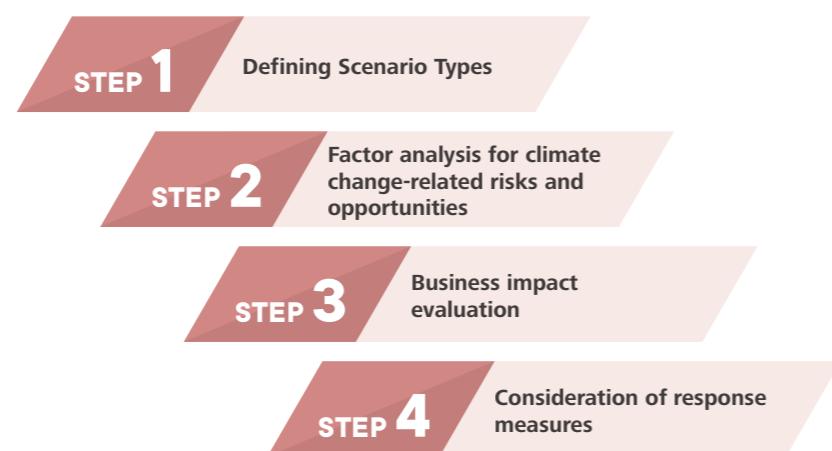
Risk Management

To manage sustainability-related risks, the Sustainability Management Promotion Division, which is charged with promoting sustainability management, operates centrally with relevant departments to extract risks. The details of those risks are incorporated into all the risks managed by the Governance Headquarters, which simultaneously manages a variety of risks, including those related to climate change.

Strategy

Analysis of Climate Change Scenarios

The Sustainability Management Promotion Division analyzes climate change scenarios in conjunction with the Accounting and Financing Group, the Corporate Governance Management Group, the Sales Planning & Administration Group, and other related internal groups. The examination process is divided into four parts, with analysis and evaluations conducted annually. At the same time, major factors that could impact business are identified, and identified risks, opportunities, and evaluations are reflected in our business strategy.

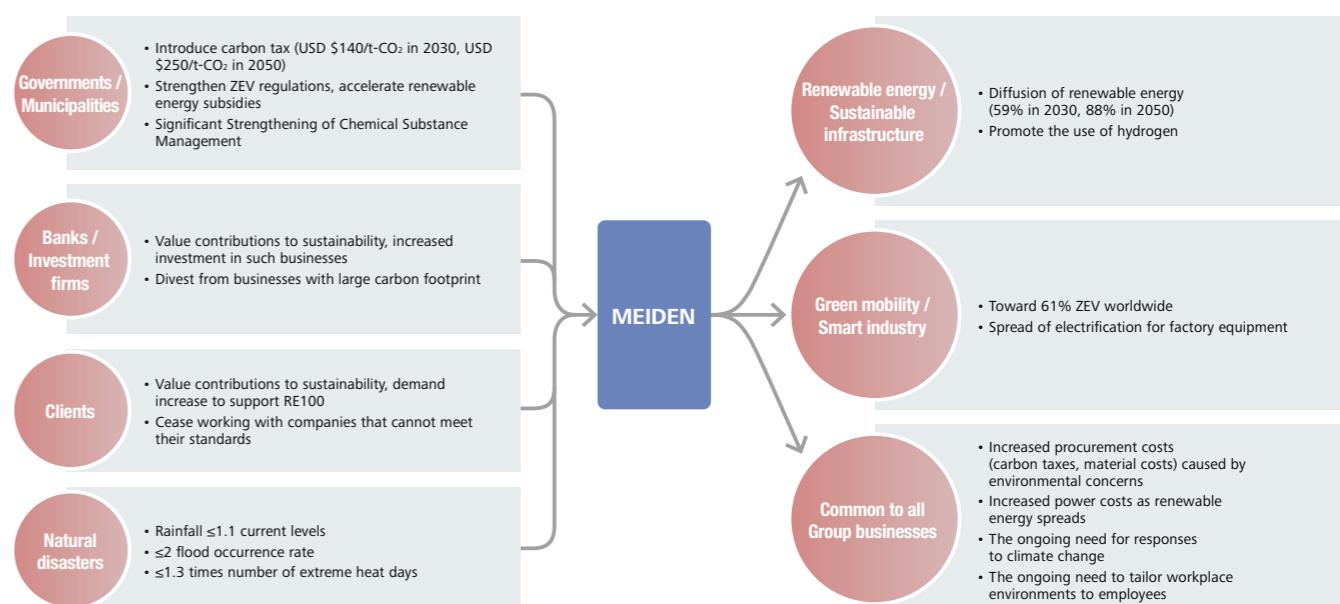


STEP 1 Defining Scenario Types

As recommended by TCFD, we selected multiple warming scenarios, including a scenario of less than 2°C, and conducted analysis accordingly. Based on the two scenarios of decarbonization (RCP1.9) and global warming (RCP4.5 and RCP8.5), we have compiled specific scenarios and global outlooks to accommodate each scenario using management frameworks, such as five forces analysis, based on internationally published data from the IEA, IPCC, etc., as well as numerical data published by Japanese government institutions, etc. We are reconstructing the global outlooks, scenarios, and numerical premises in the medium-to long-term forecasts from the current consolidated fiscal year through to 2050, the final fiscal year of the Meiden Group's long-term environmental targets.

	Temperature range	Relevant scenario	Provider
Decarbonization scenario	Less than 1.5°C	NZE2050	IEA
		RCP1.9	IPCC
Global warming scenario	2.5 to 4.0°C	STEPS	IEA
		RCP4.5	IPCC
		RCP8.5	IPCC

Decarbonization scenario (RCP1.9) Broad growth in renewable energy and power marketplaces, with broad future development even as the shift to EV slows



STEP 2 Factor Analysis of Climate Change-related Risks and Opportunities

We identified risk and opportunity factors associated with climate change based on global outlooks for each scenario, while also referring to the risk and opportunities listed in the TCFD recommendations, then separated them by relevant scope both by business domain and for the Meiden Group as a whole before setting out timelines for specific risks and opportunities and the effects they will generate.

Defined timelines for evaluated climate-change related risks

	Defined period	Related strategic and planning period
Short term	The 3-year period between FY2025 and FY2027	The period pertaining to the environmental strategies, implementation plans, and FY2027 targets listed in Medium-term Management Plan 2027
Medium term	Until FY2030	The period pertaining to the environmental strategies, implementation plans, and FY2030 targets listed in the Third Meiden Environmental Vision
Long term	Until 2050	The period pertaining to the national targets for Japan and the Meiden Group's long-term environmental targets

Transitory Risk in Meiden Group's Major Focus Areas and Those Common to the Group (Opportunities and Risks Primarily in the Decarbonization Scenario)

Major focus area / Common to Group	Risk/Opportunity factor	Social scenario	Opportunity / Risk for the Company	Period of effect	Target business / product / location
Renewable energy Sustainable infrastructure	• Expanded government subsidies • Acceleration of technological development • Transition to a decentralized society	Expanded renewable energy ratio	Opportunity Expanded renewable energy business	Short- to long-term	Wind, hydroelectric, solar generation, energy storage related
	• Momentum for GHG emission reductions • Power companies shift toward decarbonization	Restrictions on chemical substances such as SF ₆	Opportunity Expanded Power T&D business		SF ₆ gas-free products, eco-friendly products
Smart industry Green mobility	• Momentum for GHG emission reductions • Expanded government subsidies	Decarbonization of the transport sector	Opportunity Expanded EV-related business		EV business, Battery storage-related
Common to Group	• Change in stakeholder mindset	Increased customer demand for being carbon-free	Opportunity Increased demand for eco-friendly products and services	Medium- to long-term	eco-friendly products and services
	• Increased regulation	Introduction of a carbon tax	Risk Increased procurement and manufacturing costs		All companies
	• Expanded renewable energy ratio	Increased cost of industrial electricity	Risk Increased power procurement costs		

Material Risks common to all Meiden Group companies (Risks Primarily in the Warming Scenario)

Acute / Chronic risk	Risk / Opportunity factor	Social scenario	Risk for the Company	Period of effect	Target business / location
Acute risk	Rise in abnormal weather	Increased flood events	(Risk) Operations suspended, supply chain destroyed, Increased flood response costs	Short- to long-term	Manufacturing sites
Chronic risk	Rise in average temperatures	Worsened labor condition	(Risk) Increased site personnel costs		Manufacturing, maintenance, Construction Business Units

STEP 3 Business Impact Evaluation

We evaluated the impact on business based on the global outlooks for each scenario set out in Step 1 and the opportunities and risks defined in Step 2. During this process, we screened for matters with a particularly large impact on businesses by focusing on the two axes of "impact on operating income" and "likelihood of occurrence in an event" that are the target of the FY2030 milestones set out in the Third Meiden Environmental Vision, and then conducted detailed analyses of these matters. We assessed market order values (values before countermeasure involvement) based on the rate of market growth in each scenario for each large-impact item. These were quantitatively calculated using partial assumptions, and items with unachievable calculations were organized qualitatively.

Evaluation axes for selection of risks and opportunities (FY2030)

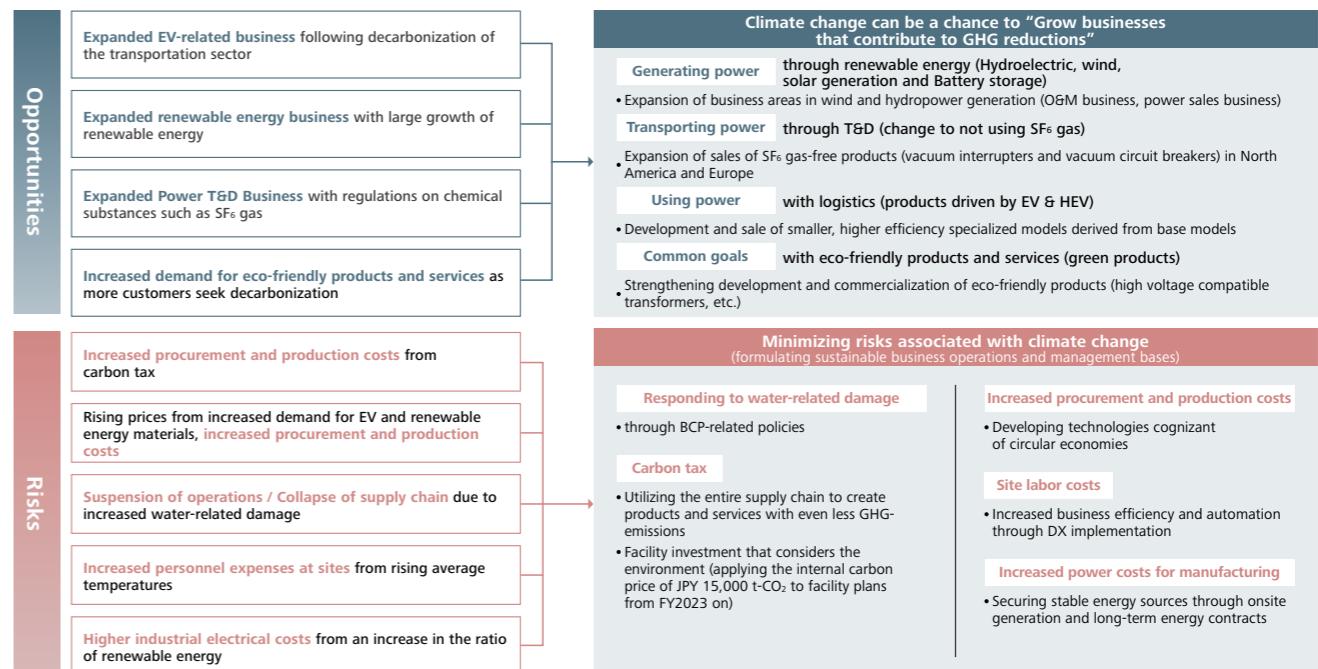
Impact on operating income (estimate)	Very large	±10 billion yen or more
	Large	±1 billion yen or more
	Medium	±0.1 – 1 billion yen
	Small	±less than 0.1 billion yen
likelihood of occurrence in an event in FY2030	Large	High probability of occurrence
	Medium	Occurrence is possible, but cannot be predicted with confidence
	Small	Only occur in the scenarios

Opportunities and risks for our Company	Target Business / Product / Location	Calculation formula	Impact on FY2030 operating income Decarbonization scenario (RCP1.9)	Global warming scenario (RCP4.5, 8.5)
Decarbonization of the transport industry	Expanded EV-related business	EV business/Battery storage-related Recent average sales × ZEV stock growth ratio	Large	Small
Expanded renewable energy	Expanded renewable energy business	Wind/Hydroelectric/Solar generation/Battery storage-related Recent sales × growth rate of domestic renewable energy	Small	Small
Restrictions on chemical substances such as SF ₆ gas	Expanded Power T&D business	SF ₆ gas-free products/Eco-friendly products Recent sales of relevant products × VCB market growth rate	Medium	Medium
Increased customer demand for being carbon-free	Increased demand for eco-friendly products and services	Eco-friendly products and services * Cannot calculate at this time because eco-friendly products standards are being revised	—	—
Introduction of a carbon tax	Increased procurement and manufacturing costs	All companies 2030 Scope 1, 2 emissions × carbon tax 2030 Scope 3 Category 1 emissions × carbon tax	10.6 billion	N/A
More water-related disasters	Suspension of operation/Collapse of supply chain Increased costs to respond to water-related disasters	Production sites Assumed cost of each incident in 2030 using Ministry tools × occurrence rate in each scenario, etc.	Large	Large
Worsening working environments	Increased personnel expenses at sites	Manufacturing/Maintenance/Construction service business units Number of site personnel in 2030 × medical and health-care costs	Small	Small
Increased cost of industrial electricity	Increased power procurement costs	All companies Power usage in 2030 × rising cost of industrial power	Medium	Medium

Rate of occurrence Large Medium Small

STEP 4 Consideration of Response Measures

Based on the market order values calculated in Step 3, we considered strategies to grasp opportunities and measures to mitigate risks according to the Company's situation.



Metrics and Targets

In November 2021, the Meiden Group pledged to reach RE100 by 2040 and carbon neutrality by 2050 as our long-term targets. In FY2021, we also released the Second Meiden Environmental Vision with upwardly revised GHG emission reduction targets for scopes 1, 2, and 3 by FY2030 as medium-term targets. We then formulated the Third Meiden Environmental Vision with new targets that correspond to the 1.5°C scenario as part of Medium-term Management Plan 2027 that began

in FY2025 and also set targets for FY2027, the final year of the Medium-term Management Plan, as short-term targets. To date, our Scope 3 reduction targets have been applied to reduction targets for Category 11 "use of sold products," the category with the highest emission levels, but the Third Meiden Environmental Vision set new reduction targets for all categories. Additionally, these targets were certified by the SBT (Science Based Targets) initiative in March 2025.



the Third Meiden Environmental Vision targets (each target and achievement as compared to FY2019 values)

	FY2024 Plan	FY2025 Actual	FY2025 Plan	FY2027 Plan	FY2030 Plan
Emissions from business activities (Scope 1+2)	6% reduction	15% reduction	30% reduction	40% reduction	50% reduction
Other companies' emissions related to business activities (Scope 3)	6% reduction (Category 11)	11% reduction (Category 11)	20% reduction (all categories)	30% reduction (all categories)	

Future Path

Although we have identified the growth opportunities and risks facing the Meiden Group through analysis of scenarios based on the TCFD recommendations, in most instances, calculation of impact is merely a rough estimate, and further precision is needed. Furthermore, we are promoting response to climate-related metric categories across multiple industries in the TCFD recommendations, which require new disclosure.

We have also incorporated some sustainability-related indicators into the evaluation standards for determining director compensation (except Audit and Supervisory Committee Members and outside directors) and are currently exploring integrating environmental indicators into future incentive packages in order to increase the effectiveness of advancing sustainability management.