(This document has been translated from the original document in Japanese. In the event of any discrepancy between this English translation and the original document in Japanese, the original document in Japanese shall prevail.)

May 11, 2023

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For Immediate Release:

Notice Regarding Information Disclosure in Accordance With TCFD Recommendations

The Group has compiled climate-related risks and opportunities in accordance with the information disclosure framework recommend by TCFD. Details are described in the attachment.

End

(Attachment)

Initiatives for Climate Change Issues

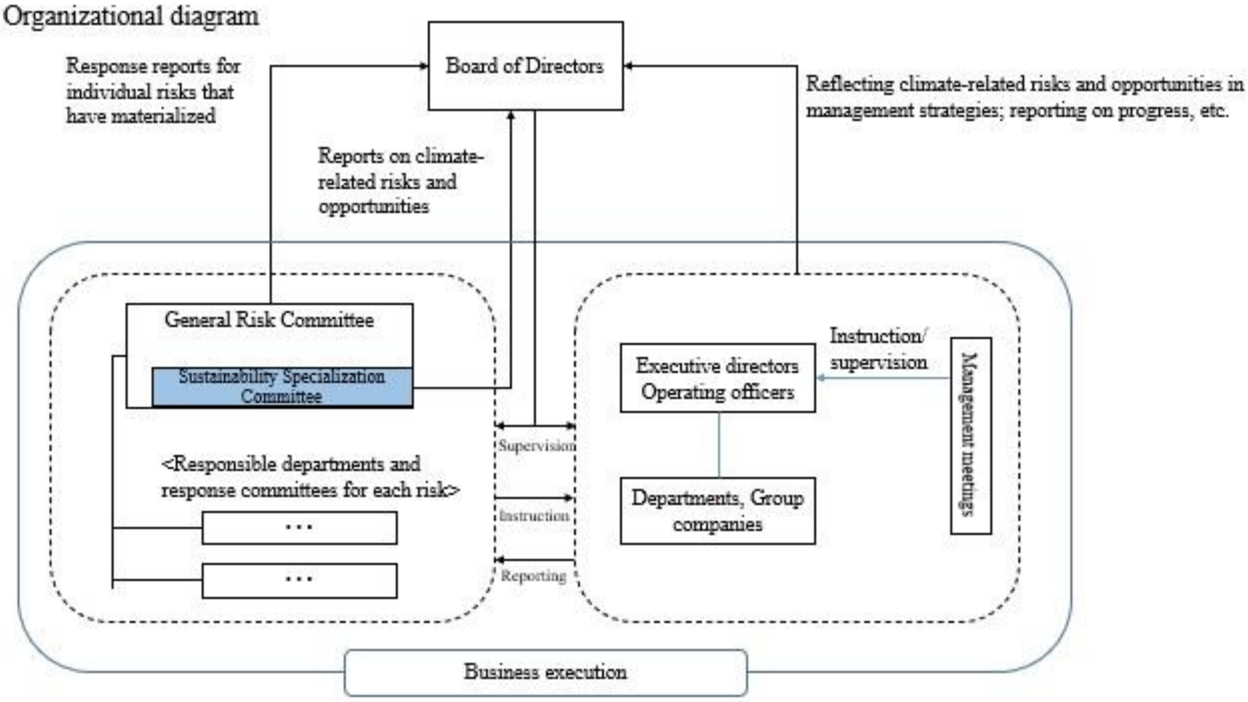
—Information Disclosure in Accordance With TCFD Recommendations—

We believe that the Group's business growth can be achieved in a sustainable region and society. In particular, the issue of climate change has become an urgent issue that requires global initiatives. In conjunction with these efforts, law and regulations are being tightened and market changes are occurring in various countries and regions, thereby having a significant impact on the business operations of corporations. Under these circumstances, the Group believes that assessing the various impacts that may arise from climate change issues and responding appropriately will lead to sustainable business growth. We are working hard to achieve growth in this way. Furthermore, we recognize that the Group's system for addressing climate change issues and the current status of our response is of great interest to the Group's stakeholders, including shareholders. Therefore, we are focusing on enhancing the disclosure of information.

1. Governance

Among issues related to sustainability, climate change issues have the potential to cause significant changes in the Group's business environment. We therefore recognize it as one of the most important management issues. In the Group, the Sustainability Specialization Committee (Chairperson: Representative Director, COO; Secretariat: General Affairs Department), which is a subordinate organization of the General Risk Committee, identifies risks and opportunities related to climate change issues, and evaluates the degree of impact. In addition to annual reports, the Sustainability Specialization Committee reports on its efforts to the Board of Directors as appropriate. Upon receipt of these reports, the Board of Directors provides appropriate supervision.

Organizational diagram



2. Risk management

The General Risk Committee identifies risks faced by the Group and prevents those risks. When risks materialize, the Committee promptly responds and reports to the Board of Directors. The Group manages climate-related risks and opportunities as follows.

[Process for identifying and assessing climate-related risks]

The Sustainability Specialization Committee, which is a subordinate organization of the General Risk Committee, identifies risks and opportunities, evaluates the degree of impact, and reports the details to the Board of Directors.

[Process for managing climate-related risks]

Responses to risks and opportunities such as the tightening of laws and regulations associated with climate change issues and changes in the market are closely related to management strategy. When deliberating on the medium- to long-term direction of the company at meetings of the Board of Directors, management meetings, etc., the Group sufficiently considers the content of reports from the Sustainability Specialization Committee on climate change issues, sets qualitative or quantitative targets such as medium-term management plans according to the degree of importance. Through efforts to achieve these targets, the Group strives to prevent and mitigate risks and to expand opportunities. The Board of Directors supervises the status of reflection of risks and opportunities in management strategies and the progress toward the set targets. Furthermore, for items with strong social demands (for example, GHG emissions), the Board of Directors sets qualitative or quantitative targets based on reports from the Sustainability Specialization Committee, and supervises the progress of these targets.

3. Strategy

・The Group has identified climate-related risks and opportunities by assuming two global scenarios: A 1.5°C scenario that assumes efforts to limit the increase in global average temperature to 1.5°C from pre-industrial levels (if there is no 1.5°C scenario, substitute the less than 2°C scenario scenario) and a 4°C scenario that assumes GHG emissions at the current pace. The Group categorizes the identified risks and opportunities into short-term (until FY 2023), mid-term (until FY 2030), and long-term (until FY 2050) according to their occurrence period.

Reference scenario

1.5°C scenario/Less than 2°C scenario: *Net Zero Emissions by 2050 Scenario* (*NZE*) (IEA), *Sustainable Development Scenario* （*SDS*） (IEA), etc.

4°C scenario: *Stated Policies Scenario (STEPS)* (IEA), etc.

・For the identified risks and opportunities, we examine the degree of impact on the Group’s net sales and profits, etc., based on the likelihood of materialization and the extent of impact on the Group’s business activities in the event of materialization. We then evaluate the degree of importance by adding the perspective of whether or not the risk or opportunity is unique to the Group.

・As a result of evaluating the degree of importance, the Group sets qualitative or quantitative targets such as medium-term management plans as necessary. Through efforts to achieve these targets, the Group strives to prevent and mitigate risks and to expand opportunities.

Main risks

No.	Main Category	Category	Sub-Category	Contents	Importance	Occurrence Period
1	Transition risks	Policy, laws, and regulations	Introduction of carbon tax, carbon pricing	Possibility of impact on purchasing costs due to increase or additional charge for various costs (including material costs) in supply chain as a result of the introduction of a carbon tax	Medium	Mid-term
				Possibility of an increase in costs related to fossil fuel-derived fuels and electricity charges at the Group’s business sites	Low	Mid-term
2	Transition risks	Policy, laws, and regulations	Carbon emissions targets/policies in each country	Possibility of decline in price competitiveness and sales if suppliers are overconcentrated in areas where high carbon tax is added	Medium	Mid-term
3	Transition risks	Market	Material procurement	Possibility of increase in management man-hours due to stricter procurement standards demanded by customers, and possibility of incurring liability issues in the event of non-compliance with procurement standards	Medium	Mid-term
4	Transition risks	Market	Changes in energy demand	Possibility of impact on purchasing costs due to increase or additional charge for various costs (including material costs) in supply chain due to soaring energy prices	Medium	Mid-term
5	Transition risks	Market	Changes in consumer behavior	Possibility of being excluded from supply chain due to failure to meet customer needs as a result of delays in construction of environmentally-friendly product procurement systems	High	Mid-term
6	Transition risks	Reputation	Increased stakeholder anxiety or negative feedback	Possibility of decline in evaluation and trust from investors and increase in funding costs due to delays in initiatives and lack of information disclosure in sustainability-related businesses	Low	Mid-term
7	Transition risks	Products and services	Strengthening the supply chain, etc.	Possibility of being required by customers to maintain long-term inventories of products that are no longer classified as sustainable products	Medium	Mid-term
8	Physical risks	Acute	Increase in severity and frequency of natural disasters/abnormal weather (heavy rains, floods, typhoons, droughts, etc.)	Possibility of incurring expenses and losses due to loss and recovery measures for company facilities (warehouses, sales offices, etc.) damaged by typhoons, floods, torrential rains, etc.	Medium	Long-term
				Possibility of inability to operate due to supply chain stoppage and long-term suspension of infrastructure caused by typhoons, floods, torrential rains, etc.	Medium	Long-term
9	Physical risks	Chronic	Rise in average temperature	Possibility of increased indirect costs such as operational costs (air conditioning, heat countermeasures, etc.) for headquarters, sales offices, distribution bases, etc., due to rising average temperatures	Low	Long-term
				Possibility of impact on purchasing costs due to increase or additional charge for various costs (electricity charges, etc.) in the supply chain as the result of rising average temperatures	Low	Long-term

Main Opportunities

No.	Main Category	Category	Sub-Category	Contents	Importance	Occurrence Period
1	Transition risks	Technology	Product development needs	Possibility of increased sales and profits due to heightened demand for semiconductors and electronic components for EVs in conjunction with introduction of EVs as part of measures for a decarbonized society	High	Short-/mid-term
2	Transition risks	Technology	Transition to low-emission technologies	Possibility of increased sales and profits due to strong investment demand for renewable energy-related equipment (private power generation equipment, etc.) and energy-saving equipment	Medium	Short-/mid-term
3	Transition risks	Market	Changes in consumer behavior	Possibility of maintaining and expanding supply chain by responding to customer needs through construction of an environmentally-friendly product procurement system	Low	Short-/mid-term
4	Physical risks	Acute	Increased severity and frequency of natural disasters/abnormal weather (heavy rain, floods, typhoons, drought, etc.)	Possibility of increased sales and profits due to growth of related business opportunities in conjunction with demand for disaster prevention	High	Mid-term
5	Transition risks	Products and services	Increased demand for more efficient energy use and energy saving	Possibility of increased sales and profits due to heightened demand for digitalization and IT in order to achieve more efficient energy use and energy saving	Medium	Short-/mid-term
6	Transition risks	Products and services	Increased demand for solutions for decarbonization	Possibility of increased sales and profits due to increased demand for cloud computing that contributes to customer decarbonization	High	Short-/mid-term
7	Transition risks	Market	Expansion of investment and loan opportunities from investors	Expansion of investment and loan opportunities from investors for decarbonization-related businesses	Low	Mid-term
8	Transition risks	Market	Increased demand for solutions to strengthen resilience	Possibility of increased sales and profits due to heightened customer demand for cloud computing as part of BCP response to growing concerns about extreme weather	High	Short-/mid-term

4. Indices and targets

・From among risks and opportunities related to climate change issues, the Group will periodically disclose the details and progress of risks/targets for which we have set qualitative or quantitative targets in our medium-term management plan.

・From FY 2022, the Group started compiling GHG emissions for Scope 1, 2, and a portion of Scope 3. Results are listed below.

<Actual amount of GHG emissions (tCO_2) in FY 2022>

Category		Results in FY 2022[5]
Scope 1 (fuel usage)[1]		81.6 t-CO_2
Scope 2 (electricity usage)[2]	Location criteria	371.7 t-CO_2
	Market criteria	366.6 t-CO_2
Scope 3 (total of categories 5, 6, and 7)[3]		257.4 t-CO_2
Total[4]		705.6 t-CO_2

1 This is the total usage amount associated with the use of company vehicles. Calculations are based on the "List of Calculation Methods and Emissions Factors for Calculation, Reporting, and Publication Systems" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan.

2 Calculations are based on the "List of Calculation Methods and Emissions Factors for Calculation, Reporting, and Publication Systems" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan, and we use adjusted emission factors for each electric power company based on the Act on Promotion of Global Warming Countermeasures.

3 Calculations are based on the "List of Calculation Methods and Emissions Factors for Calculation, Reporting, and Publication Systems" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry of Japan. We disclose the total value of ascertainable Categories (5 to 7) that correspond to the business activities of the Group. For Category 5 (Waste Generated in Operations), we calculate the total amount of waste generated from ascertainable leased offices and from all company-owned buildings.

4 Total is calculated using market-based Scope 2 values.

5 The scope of compilation for the results in FY 2022 is limited to domestic sites (including subsidiaries).

・For Scope 1 and Scope 2, we have set the following reduction targets for FY 2030 (the scope of compilation is limited to domestic sites (including subsidiaries)), and will strive to strengthen initiatives aimed at reducing emissions throughout the Group. .

<Target amounts for GHG emissions (tCO_2) in FY 2030>

Contents	Results for FY 2022	Reduction target
Scope 1 + Scope 2[1]	448.2 t-CO_2	30% or more of number on left

1 Scope 2 uses market standard values.

End